



# महाराष्ट्र शासन राजपत्र

## भाग दोन-संकीर्ण सूचना व जाहिराती

वर्ष ४, अंक १७]

गुरुवार ते बुधवार, एप्रिल २६-मे २, २०१८/वैशाख ६-१२, शके १९४०

[पृष्ठे १७५, किंमत : रुपये १५.००

### प्राधिकृत प्रकाशन

### संकीर्ण सूचना व जाहिराती

### MUMBAI PORT TRUST

No. GAD/P/REG-RSP/2448

In exercise of the powers conferred by sub-section (1) of Section 124, read with sub-section (1) of Section 132 of the Major Port Trusts Act, 1963 (38 of 1963), the Central Government hereby approves the Mumbai Port Trust Employees (Recruitment, Seniority & Promotion) Amendment Regulations, 2018 made by the Board of Trustees for the Port of Mumbai by TR No. 44 of 16th June 2017 has been approved by the Central Government by Notification No. PR-12012/9/2016-PE-I, dated 9th April 2018 and the approval notified in the Gazette under GSR No. 351 (E) dated 9th April 2018.

2. The said Amendment Regulations having been published in the Gazette of India on 9th April 2018 have come into force from that day and is republished for information.

### MINISTRY OF SHIPPING (PORTS WING)

### NOTIFICATION

New Delhi, the 9th April 2018

**G. S. R. No.351 (E).**—In exercise of the powers conferred by sub-section (1) of Section 124, read with sub-section (1) of Section 132 of the Major Port Trusts Act, 1963 (38 of 1963), the Central Government hereby approves the Mumbai Port Trust Employees (Recruitment, Seniority & Promotion) Amendment Regulations, 2018 made by the Board of Trustees for the Port of Mumbai set out in the Schedule annexed to this notification.

2. The said Amendment Regulations shall come into force on the date of publication of this notification in the *Official Gazette*.

SATINDER PAL SINGH,  
Joint Secretary to the Government of India.  
[File No. PR-12012/9/2016-PE-I]

*SCHEDULE*

**MUMBAI PORT TRUST**

**Mumbai Port Trust Employees (Recruitment, Seniority & Promotion)  
Amendment Regulations, 2018**

In exercise of the powers conferred by Section 28 of the Major Port Trusts Act, 1963 (38 of 1963), the Mumbai Port Trust hereby makes the following regulations to amend the Mumbai Port Trust Employees (Recruitment, Seniority and Promotion) Regulations, 2010, namely :—

1. Short Title and Commencement

(i) These Regulations may be called the Mumbai Port Trust Employees (Recruitment, Seniority & Promotion) Amendment Regulations, 2018.

(ii) They shall come into force on the date of publication of the approval of the Central Government as required under the provisions of Sections 124 and 132 of the Major Port Trusts Act, 1963 in the Gazette of India.

2. In the Mumbai Port Trust (Recruitment, Seniority & Promotion) Regulations, 2010, under Regulation 3, below clause (q), the following shall be added as clause (r) :—

“(r) ‘Regular Service’ in relation to any grade means the period or periods of service in that grade rendered after selection and appointment thereto under the regulations according to the prescribed procedure for regular appointment to that grade and includes any period or periods :

(i) Taken into account for the purpose of seniority in case of those already in service at the time of notification of regulations;

(ii) During which an employee would have held a post in that grade but for being on leave or otherwise not being available for holding such posts.”

By order of the Board of Trustees of the Port of Mumbai,

Mumbai,  
Dated 19th April 2018.

R. P. PAIBIR,  
SECRETARY.

*Foot Note* : Principal Regulations published vide GSR No.387 (E), dated 7.5.2010 and subsequently amended vide :—

1. GSR No.309 (E), dated 21.4.2014
2. GSR No.518 (E), dated 29.6.2015
3. GSR No.603 (E), dated 31.7.2015
4. GSR No. 149 (E), dated 08.2.2016
5. GSR No. 156 (E), dated 10.2.2016
6. GSR No. 648(E), dated 01.7.2016



**लिलाव जाहीर करण्याची नोटीस**

**नमुना क्रमांक ६/७**

**स्थावर/जंगम मालमत्ता**

**वाचा :** (१) महाराष्ट्र जमीन महसूल अधिनियम, १९६६ च्या कलम १७८/२६७ अन्वये देण्यात आलेली नमुना क्रमांक १ मधील नोटीस.

(२) जप्तीचे अधिपत्र क्रमांक १७११, दिनांक २० डिसेंबर २०१७.

(३) महाराष्ट्र जमीन महसूल मिळकतीचे नियम, १९६७ मधील नियम ११ नुसार नमुना क्रमांक ४ मधील आदेश (संदर्भ-महसूल व वन विभाग-UNF/२३६७/R, dt. ३१.०५.६७).

(४) महाराष्ट्र जमीन महसूल अधिनियम, १९६६ चे कलम १९२/१९३ सहीत नियम १२(२)(ब)(क).

क्रमांक वि३आ (ई-९१०)/वसुली/मे. कृष्णा स्ट्रक्चरल इं. लि./ब १९६४.

ज्याअर्थी, (१) श्री. पराग विनोदराय व्होरा (डायरेक्टर), (२) श्रीमती नेहा पराग व्होरा (डायरेक्टर), (३) श्रीमती इंदुमती विनोदराय व्होरा (डायरेक्टर) मे. कृष्णा स्ट्रक्चरल इं. लि., नॉ. क्रमांक २७०५०७७१४१० V/C म. मु. क. अ. २००२ अंतर्गत/केंविका १९५६ अंतर्गत त्यांच्याकडून येणे असलेल्या रु. ३२,८२,८०,५७० अधिक अतिरिक्त व्याज भरण्यासाठी आणि रु. ११ (महाराष्ट्र जमीन महसूल अधिनियम, १९६६ अंतर्गत प्रक्रिया शुल्क) भरण्यात कसूर केलेला आहे आणि ज्याअर्थी, खाली दर्शविण्यात आलेली स्थावर मालमत्ता रु. ३२,८२,८०,५७० अधिक अतिरिक्त व्याज अधिक रुपये ११ (प्रक्रिया शुल्क) यासाठी जप्त करण्यात आली आहे;

ज्याअर्थी, जोपर्यंत उपरोक्त एकूण रक्कम जाहीर लिलावाच्या दिनांकास किंवा त्यापूर्वी शासकीय कोषागारात भरली जात नाही, तर उपरोक्त मालमत्ता जाहीर लिलाममध्ये दिनांक ३ एप्रिल २०१८ रोजी ११-०० वाजता विकण्यात येईल.

अशी मी निम्नस्वाक्षरीकार नोटीस देत आहे. उपरोक्त लिलावाने केलेली विक्री ही कायम करण्याच्या शर्तीवर अवलंबून असेल.

स्थावर मालमत्तेची विक्री ही संबंधित कसूरदाराचे उपरोक्त मालमत्तेमधील हक्क, अधिकार व हितसंबंध यापुरतीच मर्यादित आहे.

**स्थावर मालमत्तेची अनुसूची :**

१. स्थावर मालमत्तेचा तपशील.— २०२/सी वींग इस्टर्न कोर्ट, विलेपार्ले पूर्व, मुंबई ४०० ०५७

सर्व्हे क्रमांक.— ८०१

प्लॉट क्रमांक.— ३६/१८३

क्षेत्रफळ चौरस फूट/चौरस मीटर.— २९.९७ चौरस फूट

२. स्थावर मालमत्तेचा तपशील.— ३०२, हिराकुंज सोसायटी, विलेपार्ले पश्चिम, मुंबई ४०० ०५६

सर्व्हे क्रमांक.— ८८७

प्लॉट क्रमांक.—

क्षेत्रफळ चौरस फूट/चौरस मीटर .— १२२.३५ चौरस फूट, पार्किंग : २.०० X ४.५० मी. या कार्यालयाच्या सही व शिक्क्यानिशी दिली असे.

मुंबई,

दिनांक २६ फेब्रुवारी २०१८

**डॉ. संभाजी यादव,**

विक्रीकर उप आयुक्त (ई-९१०),

मुद्देनिहाय लेखा परिक्षण, मुंबई.

**कल्याण-डोंबिवली महानगरपालिका, कल्याण**  
**(महाराष्ट्र प्रादेशिक नियोजन व नगररचना अधिनियम, १९६६ चे कलम ३७ अन्वये)**

**सूचना**

क्रमांक कडोंमपा/नरवि/४४६.—ज्याअर्थी, कल्याण-डोंबिवली महानगरपालिकेच्या सेक्टर क्र. ३ ते ७ ची विकास योजना शासन निर्णय क्र.टीपीएस/१२०८/२८८४/सीआर १२९/०९/नवि-१२, दिनांक ४ एप्रिल २०१२ रोजी सारभूत स्वरूपाचे फेरबदल (E.P.) वगळून मंजूर केली आहे. तसेच उक्त विकास योजनेमधील सारभूत स्वरूपाचे फेरबदल (E.P.) शासन अधिसूचना क्र. टीपीएस-१२१२/४५८/प्र.क्र.१४८/१२/नवि-१२, दिनांक ४ ऑगस्ट २०१६ नुसार शासनाने मंजूर केलेले आहेत ;

आणि ज्याअर्थी, रेल्वेच्या DFCCIL प्रकल्पांतर्गत दिवा-वसई रेल्वे मार्गावर मोठागाव ठाकुर्ली येथे बांधावयाच्या उड्डान पुलाच्या उतार मार्गाकरिता (आवश्यक पोहोच मार्गासह) कल्याण-डोंबिवली महानगरपालिकेच्या सेक्टर क्रमांक ५ च्या विकास योजनेतील मौजे डोंबिवली (प.), येथील रेल्वे लेव्हल क्रॉसिंग ते ४५.०० मी.रुंद बाह्यवळण रस्त्यापर्यंत व रेल्वे लेव्हल क्रॉसिंग ते दिनदयाळ रोडकडे या ३००.०० मी. लांबीपर्यंत २४.०० मी. रुंद रस्ता प्रस्तावित करणेकरिता महाराष्ट्र प्रादेशिक व नगररचना अधिनियम, १९६६ च्या कलम ३७(१) अन्वये करावयाच्या फेरबदलाच्या कार्यवाहीस मा. महासभेने दिनांक ५ डिसेंबर २०१७ रोजीचा ठराव क्र. ६३ अन्वये मान्यता दिलेली आहे. त्यानुसार सर्व आनुषंगिक फेरबदलाचा तपशील दर्शविणारा विकास योजनेचा भाग नकाशा महापालिकेच्या सहायक संचालक, नगररचना यांच्या कार्यालयात तसेच महापालिकेच्या 'ह' प्रभाग क्षेत्र कार्यालयामध्ये कार्यालयीन वेळेत कामकाजाच्या दिवशी नागरिकांना पाहण्यासाठी उपलब्ध आहे.

त्याअर्थी, प्रस्तावित फेरबदलाबाबत ज्या नागरिकांस हरकती/सूचना द्यावयाच्या असतील त्यांनी लिखित स्वरूपात ही सूचना **महाराष्ट्र शासनाच्या राजपत्रात** प्रसिद्ध झाल्याच्या दिनांकापासून तीस (३०) दिवसांच्या आत कल्याण-डोंबिवली महानगरपालिकेच्या नगररचना विभागात सादर करण्यात यावीत, जेणेकरून सदर फेरबदलाचा प्रस्ताव शासन मंजुरीस सादर करण्यापूर्वी त्यावर विचार करण्यात येईल.

**गोविंद बोडके,**

आयुक्त,

कल्याण-डोंबिवली महानगरपालिका, कल्याण.

**KALYAN-DOMBIVALI MUNICIPAL CORPORATION, KALYAN**

**(As per Section-37 of Maharashtra Regional And Town Planning Act, 1966)**

**Notice**

Whereas, the Urban Development Department of Government of Maharashtra, vide its Notification No.TPS-1208/2884/CR 139/09/UD-12, dated 4th April 2012 has Sanctioned the Development Plan for Sector No.3 to 7 (excluding EP) of Kalyan-Dombivali Municipal Corporation and Government of Maharashtra Sanctioned the Excluded Part of the Development Plan of Sector 3 to 7 vide Notification No. TPS-1212/458/CR 148/12/UD-12, dated 4th August 2016 ;

And whereas, as per the DFCCIL project of the Railway, Overbridge (with necessary approach road) is proposed on Diva-Vasai railwayline at Mothagaon Thakurli. For this overbridge 24 mtr. wide approach road is proposed from Railway Level Crossing at Mothagaon upto 45 mtr. wide Ring Route and from Railway Level Crossing towards Din Dayal Road upto 300 mtr. length, in Sector-5 of Development Plan of Kalyan-Dombivali Municipal Corporation ;

And whereas, Hon. General Body of Kalyan-Dombivli Municipal Corporation has passed the Resolution No.63 dated 5th December 2017 to make necessary Modifications as mentioned above, under Section 37(1) of the MRTP Act, 1966. In view of this, the Part Plan showing all the relevant changes with the proposed Modification is open for inspection at the office of Town Planning Department and 'H' ward Office, Kalyan-Dombivli Municipal Corporation on all working days, in working hours.

I hereby inform all citizens regarding suggestion/objection if any to Proposed Modifications should be communicated in writting to Asssistant Director Town Planning Department, Kalyan-Dombivli Municipal Corporation within 30 days from the date of publication of this Notice in the *Maharashtra Government Gazette*, so that Kalyan-Dombivli Municipal Corporation can consider suggestion/objection so received before submitting the proposal to the Government for sanction.

**GOVIND BODAKE,**

Commissioner,

Kalyan-Dombivli Municipal Corporation, Kalyan.

**मिरा-भाईंदर महानगरपालिका**

स्व. इंदिरा गांधी भवन, छत्रपती शिवाजी महाराज मार्ग, भाईंदर (प.), तालुका व जिल्हा ठाणे

**अधिसूचना**

**(महाराष्ट्र प्रादेशिक व नगररचना अधिनियम, १९६६ चे कलम ३७ अन्वये फेरबदल)**

क्र.मिभा/मनपा/नर/४१२/२०१८-१९.—ज्याअर्थी, मिरा-भाईंदर शहराची विकास योजना महाराष्ट्र प्रादेशिक व नगररचना अधिनियम, १९६६ चे कलम ३१(१) नुसार (यापुढे “उक्त अधिनियम” असे संबोधण्यात येत आहे), शासन अधिसूचना क्र. टीपीएस. १२९६/८४७/सीआर-१६२/९६/यूडी-१२, दिनांक १४ मे १९९७ अन्वये मंजूर करण्यात आलेली असून, ती अनुक्रमे दिनांक १५ जुलै १९९७ पासून अंमलात आलेली आहे.

आणि ज्याअर्थी, वगळलेल्या भागाची विकास योजना “उक्त अधिनियमाचे” कलम ३१(१) नुसार शासन अधिसूचना क्र. टीपीएस. १२९८/नपा/सीआर-८९/९८/यूडी-१२, दिनांक २५ ऑगस्ट २००० अन्वये मंजूर झाली असून दिनांक १५ ऑक्टोबर २००० पासून अंमलात आलेली आहे ;

आणि ज्याअर्थी, मिरा-भाईंदर महानगरपालिकेने सर्वसाधारण सभा ठराव क्र. ठराव क्र. ८१, प्रकरण क्र. ८१, दिनांक २६ फेब्रुवारी २०१८ अन्वये उक्त अधिनियमाचे कलम ३७ नुसार मंजूर विकास योजनेत खालीलप्रमाणे फेरबदल करण्याचे ठरविले आहे ;

मिरा-भाईंदर शहराच्या मंजूर विकास योजनेतील आ.क्र. १२२ “खेळाचे मैदान व सामाजिक वनीकरण” या आरक्षणाच्या एकूण ४६,७०० चौ.मी. क्षेत्रापैकी ६००० चौ.मी. क्षेत्र वगळून उर्वरित ४०,७०० चौ.मी. क्षेत्र आ.क्र. १२२ (खेळाचे मैदान व सामाजिक वनीकरण), या आरक्षणासाठी कायम ठेवून नकाशात दर्शविल्याप्रमाणे वगळलेल्या ६००० चौ.मी. क्षेत्र “आगरी भवन” या प्रयोजनेसाठी आरक्षित करणे;

आणि त्याअर्थी, उपरोक्त नमूद फेरबदलाबाबत हरकती किंवा सूचना द्यावयाच्या असल्यास त्यांनी हरकती/सूचना लेखी स्वरूपात सदरची अधिसूचना शासन राजपत्रात प्रसिद्ध झालेल्या दिनांकापासून ३० दिवसांच्या मुदतीपर्यंत सादर कराव्यात, म्हणजे सदर फेरबदलाच्या प्रस्तावास अंतिम स्वरूप देण्यापूर्वी उक्त सूचना/हरकतीचा विचार करता येऊ शकेल. महानगरपालिकेने प्रस्तावित केलेला फेरबदलाचा नकाशा जनतेच्या अवलोकनासाठी व माहितीसाठी, महानगरपालिका, मुख्य कार्यालयात कार्यालयीन वेळेत ठेवण्यात आला आहे.

भाईंदर,  
दिनांक १८ एप्रिल २०१८.

बी. जी. पवार,  
आयुक्त,  
मिरा-भाईंदर महानगरपालिका.

**MIRA-BHAYANDAR MUNICIPAL CORPORATION**  
Late Indira Gandhi Bhawan, Chhatrapati Shivaji Maharaj Marg,  
Bhayandar (W.), Taluka and District, Thane.

**NOTIFICATION**

(UNDER SECTION 37 OF THE MAHARASHTRA REGIONAL AND TOWN PLANNING ACT, 1966).

Whereas, the Development plan of Mira-Bhayandar Municipal Corporation has been sanctioned by the Govt. in Urban Development Department Under Section 31(1) of the Maharashtra Regional and Town Planning Act, 1966 (Hereinafter referred to as the "Said Act") vide Notification No. TPS. 1296/9847/CR-162/96, UD-12, dated the 14th May 1997 and came into force from dated the 15th July 1997 ;

And whereas, excluded portion has been sanctioned U/s. 31(1) of "Said Act" by the Govt. in U.D.D. vide Notification No. TPS.1298/94/CR-89/98, UD-12, dated the 25th August 2000 and came into force from dated the 15th October 2000 ;

And whereas, Mira-Bhayandar Municipal Corporation has decided vide General Body Resolution No. 81, Chapter No. 81, dated the 26th February 2018 to modify sanctioned development plan U/s. 37 of "Said Act" as describe below ;

As per the development plan of Mira-Bhayandar Municipal Corporation out of the total area 46,700 Sq.mt. of Reservation No. 122 ( Play Ground and Social Forestry), 6000 Sq.mt. is deleted and the deleted area is reserved for "Agri Bhawan" as shown on plan and remaining area 40,700 Sq.mt. is to be retained for Reservation No. 122 (Play Ground and Social Forestry) ;

And therefore, due to above said modification, those who wants to submit their suggestions and objections within one month from publications of Notification in *Government Gazette*, may submit in writing to the Mira-Bhayandar Municipal Corporation which may be considered before finalizing the proposal.

The plan showing proposed modification by the Municipal Corporation is kept open in the office of the Mira-Bhayandar Municipal Corporation during Official hours for the inspection of the public.

Bhayandar,  
dated the 18th April 2018.

B. G. PAWAR,  
Commissioner,  
Mira-Bhayandar Municipal Corporation.

**Serial No. M-1824**

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**

**ORDINARY ORIGINAL CIVIL JURISDICTION**

**COMPANY PETITION No. 1173 OF 2015**

In the matter of Section 433, 434 and 439 of the  
Companies Act, 1956;

And

In the matter of M/s. Super Rubber and Engineering  
Company Private Limited a Company incorporated  
under Companies Act, 1956 having its registered  
Office at 41/3, D – 11 Block MIDC, TELCO Road,  
Chinchwad, Pune, Maharashtra - 411019, within  
the jurisdiction aforesaid ;CIN  
NO.U25191PN2006PTC129083.

M/s. Shriram City Union Finance Limited,  
Incorporated Companies Act, 1956,  
Having its office at No.123,  
Angappa Naicken Street, Chennai 600 001.

....*Petitioner.*

**Advertisement of Petition**

Notice is hereby given that a Petition for winding up of the abovenamed Company, by the Hon'ble High Court at Bombay, was on 15.09.2015 presented to the said Court by the Petitioners abovenamed Creditors of the Company and the said Petition stands admitted in pursuance of the Court order dated 26.04.2017 the same is now directed to be heard before the Court on 26.04.2018 at 11.00 a.m. or soon thereafter.

Any Creditor, Contributory or any other person desirous of supporting or opposing the making of an order on the said Petition, should sent to the Petitioner/Petitioner's Advocate at his Office address mentioned hereunder, a Notice of his intention signed by him or his Advocate with his full name, address so as to reach the Petitioner's Advocate not later than five days before the date fixed for hearing of the Petition and appear at the hearing for the purpose in person or by his Advocate.

A copy of the Petition will be furnished by the Petitioner's Advocate to any creditor or contributory on payment of the prescribed charges for the same.

Any affidavit intended to be used in opposition to the Petition, should be filed in Court and a copy thereof served on the Petitioner's Advocate, not less than five days before the date fixed for hearing.

Bombay, dated this 14th day of April, 2018.

**Disha Karambar and Associates**  
**Advocates for Petitioner**

Chamber No. 19, Blaze Business Centre,  
1st Floor, Birla Mansion, 134,  
Nagindas Master Road, Fort,  
Mumbai 400 023.

**Serial No. M-1825**

Notice is hereby given that the following shares have been lost/misplaced & the advertiser has applied to the company for the issue of duplicate share in lieu thereof. Any person(s) who has/have claim(s) on the said shares should lodge such claim(s) with the company's Registrar and transfer agents within 15 days from the date of this notice failing which the company will proceed to issue duplicate share certificates in respect of the said share.

The said shares in the name of Sudheendra Chikkerur & Kavita Chikkerur(wife) of Pidilite Industries Limited having Registered address at

7th Floor, Regent Chambers, J Bajaj Marg, 208 Nariman Point, Mumbai, Maharashtra 400 021.

Certificate No.	Distinctive No. from	Distinctive No. to	No. of Shares
0021297	4002551	4004950	2400
B00206058	254499605	254502004	2400

SUDHEENDRA CHIKKERUR.

**Serial No. M-1826**

Subject to SEBI's (Securities and Exchange Board of India) approval, it is proposed to make the following Bye - laws for **NATIONAL COMMODITY CLEARING LIMITED**. The proposed Bye-Laws are published under Rule 18 of Securities Contracts (Regulation) Rules, 1957 for information/public comments/criticism. Any person having any comments/observations on the proposed Bye-Laws may send the same in writing to the undersigned at National Commodity Clearing Limited, 1<sup>st</sup> Floor, Akruti Corporate Park, Near GE Gardens, LBS Road, Kanjurmarg (W), Mumbai - 400078 or through email to gazette@ncdex.com within fifteen days from the date of this publication. The comments / observations received after the fifteenth day will not be considered and the draft will be taken into consideration immediately after the expiry of fifteen days.

**BYE-LAWS OF NATIONAL COMMODITY CLEARING LIMITED**

The National Commodity Clearing Limited has submitted an application for recognition as a Clearing Corporation under Section 8A of Securities Contracts (Regulation) Act, 1956 and pursuant thereto makes the following Bye-Laws:

**1. PREAMBLE**

- 1.1 These Bye-Laws shall be called "Bye-Laws of the National Commodity Clearing Limited (NCCL) and shall herein after be referred to as the "Bye-Laws" or the "Bye-Laws of the Clearing Corporation."
- 1.2 These Bye-laws shall come into force with effect from such date as the Securities and Exchange Board of India (hereinafter referred to as "SEBI") established under Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act") or the Board of NCCL (hereinafter referred to as "the Clearing Corporation ") may notify in that behalf.
- 1.3 OTHER LAWS APPLICABLE :

These Bye-Laws shall be in addition to the provisions of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "the SCRA") as may be amended from time to time and Rules and Regulations if any made thereunder and SEBI Act and Rules and Regulations made thereunder, as amended from time to time and the directives, orders, guidelines, norms and circulars issued by the Government of India and / or SEBI from time to time.

- 1.4 ORDER OF PRECEDENCE :

In case of difference or any interpretational issues between the provisions of these Bye laws, Rules and Regulations of the Clearing Corporation and the provisions of the SCRA and Rules and Regulations made

thereunder or the SEBI Act and Rules and Regulations made thereunder, the provisions of SCRA and Rules and Regulations made thereunder, and/or SEBI Act and Rules and Regulations made thereunder; shall prevail.

## 2. DEFINITIONS AND INTERPRETATION

### 2.1 DEFINITIONS

- 2.1.1 “Arbitration” shall have same meaning as assigned to it under Section 2(1) (a) of the Arbitration and Conciliation Act, 1996 and amendments thereto from time to time.
- 2.1.2 “Articles” means the Articles of Association of National Commodity Clearing Limited (NCCL) and includes any modification or alteration thereof for the time being in force.
- 2.1.3 “Authorised User” means suitable person(s) appointed by a Member who is registered with the Clearing Corporation to operate the Clearing and Settlement systems and procedure allocated to such Member by the Clearing Corporation.
- 2.1.4 “Board” means the Board of Directors of National Commodity Clearing Limited.
- 2.1.5 “Circular or Notice” means information notifications or a binding communication issued from time to time by the Clearing Corporation to its Member(s) and the Market in general and transmitted by fax, e-mail or any other mode and manner which the Clearing Corporation may deem appropriate, including publication through the website and titled “Circular” or “Notice” accordingly.
- 2.1.6 “Books of accounts, records and documents” include books of accounts, records and documents, which are required to be maintained under Securities Contracts (Regulation) Act, 1956, Rules framed thereunder, SECC Regulations 2012 and any other law for the time being in force.
- 2.1.7 “Buying Member” shall mean the Member who has to receive delivery or has received documents of title and other relevant documents in lieu thereof and has paid or has an obligation to make payment in consideration thereof in fulfillment of Deal to which this Rules, Bye Laws and Regulations apply unless the context indicates otherwise.
- 2.1.8 “Bye Laws” unless the context indicates otherwise, Bye Laws means the Bye Laws of the Clearing Corporation for the time being in force.
- 2.1.9 “Clearing” means and includes the process of determining rights and obligations towards settling claims of the one Member against the claims of another for Deals settled by the Clearing Corporation by such processes and manner as the Relevant Authority may specify.
- 2.1.10 “Clearing Agreement” means a binding agreement entered into or between a Member and its Constituent to handle and carry out all the Clearing and Settlement functions relating to Deals executed by such Constituent.
- 2.1.11 “Clearing and Settlement” means clearing or settlement or clearing and settlement of deals in such manner and subject to such conditions as may be specified by the Relevant Authority from time to time, unless the context indicates otherwise.
- 2.1.12 “Clearing and Settlement Account” means a bank account maintained by the Member with one of the designated or approved Clearing Banks and accordingly notified to the Clearing Corporation, from which all fund obligations owed to the Clearing Corporation by a Member or due to a



Member by the Clearing Corporation with respect to the Deals of the Member or its Clients or Constituents on the trading floor of the Concerned Exchange, will be made or received.

- 2.1.13 "Clearing Bank" is such bank as the Clearing Corporation may appoint to act as a funds settling agency, for the collection of margin money for all deals cleared through the Clearing Corporation and any other funds movement between members and the Clearing Corporation, and also between members as may be directed by the Clearing Corporation from time to time.
- 2.1.14 "Clearing Corporation" means National Commodity Clearing Limited and its successors and assigns, if any, set up and empowered suitably to act as a facilitator for processing of deliveries and payments between its Members.
- 2.1.15 "Clearing Segment" means and includes the different categories of Securities, within a Market Segment type, that the Concerned Exchanges may make available to their respective Trading Members for dealing on their trading platforms and has been agreed to by the Clearing Corporation for being admitted to its Clearing and Settlement mechanisms in terms of these Bye-Laws and categorized appropriately.
- 2.1.16 "Clearing Sub-Segment" means and includes those categories of Securities falling under a broad head of clearing segment but differentiated either on the basis of market acceptability and practice or the product or Security profile and attributes.
- 2.1.17 "Close-out" means the cancellation of an outstanding open position of a member with an equal and opposite position.
- 2.1.18 "Member" means a person who has been admitted as such by the Clearing Corporation and has been granted Clearing and Settlement rights on the Clearing Corporation but does not denote the shareholder of the Clearing Corporation.
- 2.1.19 "Client /Constituent" means a person, on whose instructions and on whose account the Member clears and settles Deals.  
Explanation 1: The terms 'Constituent' and 'Client' are interchangeable used in the Bye-Laws, Rules & Regulations and shall have the same meaning as assigned herein.
- Explanation 2: Where the context requires, the term "Constituent" in relation to trades shall also include a Trading Member where such trades including proprietary trades, done on the Concerned Exchange, are cleared and settled on his behalf by the Member.
- 2.1.20 "Core Settlement Guarantee Fund" means a fund established and maintained by the Clearing Corporation in accordance with these Bye-Laws and as per directives of SEBI from time to time.
- 2.1.21 "Collateral" means and includes monies, fixed deposit receipt, bank guarantee, goods and securities or any other financial instrument/ asset as specified by the Clearing Corporation from time to time and offered by Members as security deposit, margin deposit or as such security as required by the Clearing Corporation.
- 2.1.22 "Committee" means a group or body of person appointed by the Board or the Relevant Authority to undertake tasks or responsibilities specified by the Board and/or mandated under these Bye-Laws.
- 2.1.23 "Concerned Exchange" means any Stock Exchange including commodity and/or currency derivatives exchanges duly recognized under SCRA which has entered into an arrangement with

the Clearing Corporation for carrying out all operational procedures and regulatory functions in the matter of Clearing and Settlement of the Deals executed on its trading platform between its Trading members so as to complete the fulfillment of the funds pay-in, Securities delivery and the related pay-out obligation concerning such Deals.

- 2.1.24 “Contract” shall have same meaning as assigned to it under Section 2(a) of SCRA 1956.
- 2.1.25 “Contract Month or Delivery Month” means that month in which contractual obligations in respect of a Derivatives Contract is due for final fulfillment by the parties to the Contract.
- 2.1.26 “Contract Specification” means the standardized commercial and technical terms of a Security admitted for trading on a Concerned Exchange which may include the size of the Contract, Contract Month, trading hours, underlying to the Security, minimum price fluctuations Last Trading Day, settlement basis and such other details as may be set out by such Exchange and accepted by the Clearing Corporation for Clearing and Settlement.
- 2.1.27 “Corporate Action” means any event that brings material change to a company and affects its stakeholders, including shareholders, both common and preferred, as well as bondholders. These events are approved by the company’s board of directors; shareholders may be permitted to vote on some events as well and generally include dividend, bonus, right shares, issues of share as a result of stock split, stock consolidations, schemes of mergers/ demerges, spin-offs amalgamations, capital restructuring and such other privileges or events of a similar nature which may be specified by the Concerned Exchange from time to time, under intimation to the Clearing Corporation.
- 2.1.28 “Custodial participant” means an entity registered with the Clearing Corporation to enable to Clearing and Settlement of their Deals on the Concerned Exchange through a Member.
- 2.1.29 “Custodian” means a Custodian as defined under Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996.
- 2.1.30 “Daily Settlement Price” means the daily price for each Contract or Security as determined in accordance with the method specified or such other method as may be notified by the by the Concerned Exchange and/or the Clearing Corporation.
- 2.1.31 “Days of Tender or Tender Days” mean the days on which securities/ goods/ warehouse receipt /or any other documents of title to securities/ goods are tendered to the Clearing Corporation in settlement of a Contract.
- 2.1.32 “Defaulter” means a Member who has been declared a Defaulter in accordance with these Bye-Laws and the Rules of the Clearing Corporation.
- 2.1.33 “Delivery” means the tender and receipt of securities/ goods/ warehouse receipt /or any other documents of title to securities/ goods by issue of delivery order in settlement of a Contract as may be specified by the Clearing Corporation.
- 2.1.34 “Delivery Centers” are those places or locations where the Goods or underlying to the Security permitted for trading on the Concerned Exchange can be delivered by the Seller.
- 2.1.35 “Delivery Day” means the day on which Delivery shall occur towards a Settlement obligation in respect of a Security or Contract.

- 2.1.36 "Delivery Order" means an order/intention issued by a Member in the prescribed form to the Clearing Corporation, in terms of the instructions received from its Client or Constituent offering delivery of goods at one or more permitted delivery centers in fulfillment of its obligation against an expiring contract.
- 2.1.37 "Delivery Period" means the period during which the Goods or Security or underlying to the security are tendered in terms of the contracts in fulfillment of the transactions executed under these Byelaws, and the Rules and Regulations of the Clearing Corporation, or under the order issued in exercise of the powers vested by any of them, and includes tender days as prescribed by the Exchange/Clearing Corporation for different contract months.
- 2.1.38 "Delivery Settlement" is a process where the buying Member will complete his side of the transaction by making the necessary payments and the selling Member will in turn deliver the Goods or Securities or underlying.
- 2.1.39 "Depository" shall have same meaning as assigned to it under Section 2(1)(e) of Depositories Act, 1996.
- 2.1.40 "Deal" means, unless the context indicates otherwise, a trade, contract, transaction or a deal which is admitted to be cleared and settled through the Clearing Corporation.
- 2.1.41 "Derivative" shall have same meaning as assigned to it under SCRA 1952
- 2.1.42 "Disciplinary Action Committee" means a Committee constituted by the Board or the Relevant Authority to evaluate, consider and/or decide on a reference made to it by the Relevant Authority in respect of an alleged or presumed violation or infringement of these Bye-laws, the Rules or the Regulations by a Member or a participant in the Clearing and settlement mechanism and in its conduct as a Member or a Participant, including any willful disobedience of the lawful instruction of the Relevant authority.
- 2.1.43 "Due Date/Contract Expiry day/ Contract Maturity Day" means the maturity date (last day) on which a specific contract in a specific commodity derivative or any other Security expires and is not available for trading thereafter.
- 2.1.44 "Electronic Negotiable Warehouse Receipt" shall have be same meaning as assigned to it under Regulation 3 (d) of Warehousing Development and Regulatory Authority (Electronic Negotiable Warehouse Receipts) Regulations, 2017.
- 2.1.45 "Exchange" means a stock exchange which is for the time being recognized by the Central Government under Section 4 of SCRA.
- 2.1.46 "Exchange Member or Trading Member" means an entity admitted as to the Membership of the Concerned Exchange for trading of Securities or contracts that are permitted to be dealt on the Exchange and shall not mean and include a shareholder of the said Stock Exchange Company unless expressly stated. Membership of the Exchange in this context shall not mean or require or entitle shareholding in the Stock Exchange Company.
- 2.1.47 "Exchange Rules or Rules of the Exchange" means the Rules of the Concerned Exchange by whatever name it may be titled which are in force and as may be amended from time to time and include the Bye-Laws and Regulations/ Business Rules of such Exchange.

- 2.1.48 “Expiry Date or Expiration Date” means date on which the contract will expire and in the case of an Options Contract, it is the date on or up to which the holder of an Option may elect to exercise the Option or allow it to expire worthless.
- 2.1.49 “Expiration time” is the close of business hours on the expiration day of the Futures or Option contract or such other time as may be specified by the Relevant Authority from time to time.
- 2.1.50 “Final Settlement Price” in respect of a contract means the price determined by the Concerned Exchange for settling that contract in accordance with the method specified in the Contract Specification or such other method as may be notified by the Concerned Exchange.
- 2.1.51 “Goods” shall have same meaning as assigned to it under SCRA.
- 2.1.52 “Good Delivery” for the purpose of this Bye Laws shall mean the settlement of delivery obligations arising out of a trade on the Concerned Exchange by way of electronic transfer of Goods or otherwise as permitted by the Clearing Corporation from time to time or financial compensation in lieu thereof.
- 2.1.53 “Margin” means a deposit or payment of Collateral(s) to establish or maintain a position in a Security and includes among others initial Margin, Additional Margin, Variation Margin, Tender Period Margin, Special Margin, Delivery Margin, Extreme loss Margin or any other type of Margin as may be applicable and determined by Exchange and/or the Clearing Corporation from time to time.
- 2.1.54 “Mark to Market Settlement” means settlement of all open positions of clients or Constituents done on a daily basis and includes those positions closed intra-day.
- 2.1.55 “Negotiable Warehouse Receipt” means a warehouse receipt as defined under Section 2 (m) of the Warehousing (Development and Regulation) Act, 2007 as amended from time to time.
- 2.1.56 “Month” means a month reckoned according to the English calendar unless otherwise specified.
- 2.1.57 “Novation” “Novation” means the act of a clearing corporation interposing itself between both parties of every trade, for the purpose of ensuring the settlement of trades between the parties to trade.
- 2.1.58 “Open Position” means any outstanding Buy or Sell transaction which has not been liquidated by an offsetting transaction or Delivery or cash settlement or as specified in the Contract Specification.
- 2.1.59 “Order” means an offer to buy or sell any contract through the trading platform permitted by the Concerned Exchange for specific Securities or Contracts.
- 2.1.60 “Outstanding Obligation” means the obligation which has neither been closed out nor been settled.
- 2.1.61 “Participant” means and refers to an entity accredited or permitted by the Clearing Corporation through an arrangement or agreement to participate in one or more of the processes of the Clearing and Settlement mechanism towards facilitating the completing of the said processes in accordance with these Bye-Laws, the Rules and Regulations framed from time to time for such purpose and subject to such terms and conditions, as may be prescribed by the Relevant Authority.

- 2.1.62 "Pay-in" in respect of deals or transactions done on the Concerned Exchange, means making available funds/ Securities or Goods or such other Underlying by the respective Member to the Clearing Corporation or its accredited or recognized agencies in accordance with the applicable settlement schedule notified by the Clearing Corporation separately for each Security or Contract.
- 2.1.63 "Pay-in Date" means the date and time prescribed by the Clearing Corporation for each settlement by which date and time, the Members are required to perform their obligations by way of remittance of funds or delivery of Securities or Goods or such other Underlying as applicable, to the Clearing Corporation.
- 2.1.64 "Pay-out" in respect of Deals or transactions done on the Concerned Exchange means the release of funds/Securities/ Goods or such other Underlying by the Clearing Corporation to the Member who becomes entitled to receive them to the extent of and upon its fulfilling respective pay-in obligations into the Clearing Corporation, in accordance with the applicable settlement schedule notified by the Clearing Corporation separately for each Security or Contract.
- 2.1.65 "Pay-out Date" means the date and time prescribed by the Clearing Corporation for each Settlement on which date and time, the Clearing Corporation shall be required to release funds/ Securities or the Underlying to the respective accounts of the Member and/or its client/s.
- 2.1.66 "Position Limit" means any limit on Open Positions held or controlled by a person (whether directly or indirectly, and whether individually by such person or by such person acting in concert with any person or person) or a Trading member of the concerned Exchange, that the Exchange and/or the Clearing Corporation may from time to time impose in respect of any Security.
- 2.1.67 "Proprietary Account" means an account in the books of the Trading Member of the Exchange to which the proprietary positions of the Trading Member are designated.
- 2.1.68 "Regulations" means Regulations of the Clearing Corporation for the time being in force and includes Rules, Code of Conduct and such other procedures and regulations, circulars, directives and orders as issued by the Relevant Authority from time to time for the operations of the Clearing Corporation.
- 2.1.69 "Relevant Authority" means the Board, or such other authority as specified by the Board from time to time as relevant for a specified purpose.
- 2.1.70 "Repository" shall have be same meaning as assigned to it under Regulation 3 (f) of Warehousing Development and Regulatory Authority (Electronic Negotiable Warehouse Receipts) Regulations, 2017.
- 2.1.71 "Repository Participant" means the entity appointed by a Repository, who shall be persons referred to in clause 16(4) of WDR Guidelines on Repositories and creation and management of Electronic Warehouse Receipts, to be its agent for all or any of the specified purposes.
- 2.1.72 "Repository Account" means the account of the Client opened with the Repository directly or through a Repository Participant, for the purposes of dealing with the Electronic Warehouse Receipts issued by the Warehouseman.
- 2.1.73 "Rules" unless the context indicates otherwise, means the Rules of the Clearing Corporation, as amended from time to time.
- 2.1.74 "SCRA" is the abbreviation for Securities Contracts (Regulation) Act 1956.

- 2.1.75 “SCRR” is the abbreviation for Securities Contracts (Regulation) Rules 1957.
- 2.1.76 SEBI means the Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992.
- 2.1.77 “SECC Regulations” means Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and amendments thereto.
- 2.1.78 “Security or Securities” shall have same meaning as assigned to it under SCRA.
- 2.1.79 “Seller” means a seller of any Security or Goods.
- 2.1.80 Selling Member shall mean the Member who has to give Delivery or has delivered documents of title and other relevant documents in lieu thereof and has received or has a right to receive payment in consideration thereof in fulfillment of Deal to which this Rules, Bye Laws and Regulations apply unless the context indicates otherwise.
- 2.1.81 “Settlement” includes Delivery Settlement and/or Mark to Market Settlement.
- 2.1.82 “Settlement Day” means the day fixed by the Clearing Corporation for Members to settle their trade obligations in terms of these Bye-laws, the Rules and/or the Regulations and as prescribed or instructed by the Relevant Authority.
- 2.1.83 “Strike Price or Exercise Price” means the price at which the Underlying to an Options Contract can be purchased or sold or the price at which an Options Contract may be exercised.
- 2.1.84 “Transactions or Deal or Trading and to Trade” and such similar expressions for the purposes of these Bye-laws shall mean Deals as defined in these Bye-Laws and also refer to Securities transactions that are to be cleared and settled through the Clearing Corporation.
- 2.1.85 “Underlying” shall refers to Goods or Security or such other assets as may be specified in the contract specifications.
- 2.1.86 “Warehouse” shall have same meaning as defined under Section 2 (s) of the Warehousing (Development and Regulation) Act, 2007 as amended from time to time.
- 2.1.87 “Warehouse Receipt” means a “Warehouse Receipt” as defined under Section 2 (u) of the Warehousing (Development and Regulation) Act, 2007 as amended from time to time.
- 2.1.88 “Warehouse Service Provider (WSP)” means an agency approved and accredited by the Clearing Corporation for the storage and preservation of any Underlying/ goods.

## 2.2 INTERPRETATION

- 2.2.1 Unless the contrary intention is provided for:
- a reference to any gender includes the other.
  - words in these Bye-Laws in the singular include the plural and words in the plural include the singular.
  - a reference to a ‘time’ is reference to a time as in India unless specified otherwise.
  - where a reference is made in these Bye-Laws to any provisions of SCRA or SCRR or the SEBI Act or any other provisions in Law or statute, it is a reference to the said provisions as amended from time to time.

- (e) where a reference is made in these Bye-Laws to a statutory provision, it refers to the laws of India.
  - (f) a reference to any legislation or law or to any provision thereof shall include reference to any such law as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted and any reference to any enactment shall include any subordinate legislation made thereunder from time to time.
- 2.2.2 Headings are for convenience only and shall not affect the interpretation of these Bye-Laws.
- 2.2.3 Subject to these Bye-Laws, the decision of the Clearing Corporation shall be final in relation to the interpretation of these Bye-Laws against a Member, any of its affiliated clients (who are Members of the Concerned Exchanges), Clearing Banks, Warehousing entities, Warehouse Service Providers, Depositories, Clearing Banks, Warehousing entities, Warehouse Service Providers, Repositories, vaults or any third party involved in rendering relevant services and the Concerned Exchanges.
- 2.2.4 In these Bye-Laws, reference to knowledge of a Member shall include reference to the knowledge of a Director, Controller, shareholder, officer, employee or representative or agent or that Member or entity or agency referred to above as the case may be.
- 2.2.5 The words and terms defined above shall mean the same when used in lower case in these Bye-Laws, unless the context indicates otherwise.
- 2.2.6 Words and expressions used in these Bye-Laws but not defined herein shall have the same meaning assigned to them under the relevant Acts and Rules or Regulations made thereunder as the case may be.
- 2.2.7 These Bye-Laws shall be interpreted in a harmonious manner with a view to complying with the requirements of the Relevant Acts and Rules & Regulations made thereunder, to effectuate the purposes and businesses of the Clearing Corporation and to ensure that all practices in connection with the business of the Clearing Corporation as well as the functions of Clearing and Settlement process of Deals executed on the Concerned Exchanges are conducted in a fair, just, reasonable manner in order to maintain the integrity of the markets, protect the investors trading on the Concerned Exchanges, the Members of the Clearing Corporation as well as the Concerned Exchange on whose behalf the Clearing and Settlement functions are being carried out.

### 3. APPLICATION OF BYE-LAWS

- 3.1 These Bye-Laws shall govern the Clearing, Settlement of Deal/Contract and delivery of the Goods or Securities traded on the Concerned Exchanges (s) that mandate the Clearing Corporation to extend its Clearing and Settlement infrastructure and facilities for clearing and settlement of the Deal/ Contracts that are executed on the trading platform of such exchanges.
- 3.2 These Bye-Laws shall also apply to all types of Market Segments of the Concerned Exchanges(s) unless the context requires otherwise or unless otherwise specified by the Concerned Exchanges or the Clearing Corporation from time to time.
- 3.3 These Bye-Laws shall also apply to;
- (a) all Members of the Clearing Corporation and their Authorised Users where applicable;
  - (b) the Members of the Cleaning Corporation inter-se;

- (c) the Members of the Concerned Exchange/s who arrange to get themselves affiliated to the Member of the Clearing Corporation where such exchange has entered into a binding arrangement with the Clearing Corporation to clear and settle the deals that are executed by such Members on the trading platform of such exchange;
  - (d) the Concerned Exchanges that enter into a binding arrangement or agreement with the Clearing Corporation for facilitating the Clearing and Settlement functions along with all associated and related functions in relation with the Deals / Contracts executed on the trading platform of such exchanges;
  - (e) such other person or entities including among others one or more Warehouse Service Providers, warehousing entities, Assayers, Repositories, Depositories and/or secured vaults, Clearing Bail Custodians and such other agencies who render appropriate services of the Clearing Corporation and fulfillment of the settlement of the Deals executed on the trading platform of the Concerned Exchanges by its members; and
  - (f) any other entity or agency as the Relevant Authority may specify or notify from time to time.
- 3.4 Unless specifically exempted, these Bye-Laws shall apply to all or any of the clearing segments that are operative on or handled by the Clearing Corporation and as may be specified by the Clearing Corporation from time to time.
- 3.5 Unless otherwise provided under these Bye-Laws, a third party has no rights to enforce any provisions of these Bye-Laws or any Regulations framed thereunder.

#### 4. CLEARING SEGMENT

- 4.1 There may be more than one clearing segment as may be specified and notified by the Relevant Authority from time to time.
- 4.2 The Relevant Authority will specify the Deal which will be eligible for admission to the different clearing segments of the Clearing Corporation from time to time.
- 4.3 The Clearing Corporation may establish more than one sub-segment or division of a clearing segment as may be specified by the Relevant Authority from time to time. Deals which may be admitted to the different clearing sub-segments or divisions for the purpose of clearing and settlement will be specified by the Relevant Authority from time to time.
- 4.4 These Byelaws shall apply to the different segments, sub-segments and divisions of the Clearing Corporation, to the extent as may be applicable and/or specified by the Clearing Corporation from time to time.
- 4.5 Subject to the provisions of these Bye-laws, the Relevant Authority shall have powers to frame Regulations in respect of each Clearing segment and/or Sub-segment;
- 4.5.1 for their efficient functioning and operations;
  - 4.5.2 to regulate the functioning and activities of the Members of the Clearing Corporation, their authorized users or representatives or persons, approved users;
  - 4.5.3 to determine settlement and delivery specifications for contracts within each Clearing segment or Sub-segment that is made available for trading on the Concerned Exchange;
  - 4.5.4 to facilitate, in respect of all the obligations that crystallise in respect of Deals on the Clearing Corporation, smooth pay-in and pay-out processes through designated agencies including among



others Clearing Banks and Warehouse Service Providers that the Clearing Corporation may appoint, and

- 4.5.5 to formalize the functioning of all other persons, entities or agencies operating under or through the Clearing Corporation or Clearing Banks or dealings with them inter-se.

## 5. COMMITTEE(S)

- 5.1 Committee(s) may be appointed by the Board for the purposes of managing the day to day affairs of the various segments of the Clearing Corporation in such manner as laid down in the Rules.
- 5.2 The Committee(s) of such segments shall have such responsibilities and powers as may be delegated to it by the Board.

## 6. REGULATIONS

- 6.1 The Board may prescribe Regulations from time to time for the functioning and operations of the various segments and to regulate the functioning and operations of the Members of such segments.
- 6.2 Without prejudice to the generality of the above, the Board may prescribe regulations from time to time, inter alia, with respect to :
- 6.2.1 norms, procedures, terms and conditions for admission of exchanges;
- 6.2.2 norms, procedures, terms and conditions to be complied with for admission of deals for Clearing and Settlement in a segment by the Clearing Corporation;
- 6.2.3 norms, procedures, terms and conditions for Clearing and Settlement of such deals;
- 6.2.4 forms and conditions of deals to be entered into, and the time, mode and manner for performance of deals between members inter se or between members and their constituents;
- 6.2.5 norms, procedures, terms and conditions for guaranteed settlement of deals for a segment;
- 6.2.6 prescription, from time to time, and administration of penalties, fines and other consequences, including norms for suspension/expulsion of members from a segment for defaults;
- 6.2.7 norms, procedures, terms and conditions for imposition and administration of different types of margins and other charges and restrictions that may be imposed for a segment from time to time.
- 6.2.8 determination from time to time, of fees, system usage charges, collateral, deposits, margins and other monies payable to the Clearing Corporation by members for a segment and the scale of clearing and other charges that may be collected by such members;
- 6.2.9 norms, procedures, terms and conditions for supervision of the clearing operations and promulgation of such Business Rules and Codes of Conduct as it may deem fit;
- 6.2.10 norms, procedures, terms and conditions for inspection and audit of records and books of accounts;

- 6.2.11 norms, procedures, terms and conditions for settlement of disputes, complaints, claims arising between members inter se as well as between members and persons who are not members relating to any deal cleared and settled through a segment including resolution of disputes through arbitration;
- 6.2.12 norms, procedures, terms and conditions for arbitration;
- 6.2.13 norms, procedures, terms and conditions for administration, maintenance and investment of the corpus of the Fund(s) set up by the Segments including Core Settlement Guarantee Fund(s);
- 6.2.14 establishment, norms, terms and conditions, functioning and procedures of Clearing Corporation, clearing through depository/ repository or other arrangements including custodial services for Clearing and Settlement;
- 6.2.15 norms, procedures, terms and conditions in respect of, incidental to or consequential to closing out of deals;
- 6.2.16 norms and procedures for dissemination of information and announcements;
- 6.2.17 norms and procedures for approval, audit and certification of Warehouses, warehouse service providers, allied facilities and assaying laboratories;
- 6.2.18 Norms and procedures pertaining to delivery mechanism from Warehouses including assaying of Goods;
- 6.2.19 specify norms, procedures, terms and conditions for admission to Membership of the Clearing Corporation;
- 6.2.20 specify norms for the conduct of Members with regard to the business of the Clearing Corporation;
- 6.2.21 specify norms, procedures, terms and conditions for Clearing and settlement of deals or transactions for different Clearing Segments and for different Securities and Contracts based on the different Clearing Segments of the Concerned Exchanges;
- 6.2.22 specify terms and conditions of deals to be entered into, and the time, mode and manner for clearing and settlement of securities transactions between Members or between Members and their Clients;
- 6.2.23 determine norms and procedures for availing services from Warehouses and Warehouse Service providers for physical delivery of the Underlying Goods and from surveyors, assaying agencies, quality testing and certification laboratories/ agencies and other appropriate authorities and agencies;
- 6.2.24 investigate the financial condition, business conduct and dealings of the Members;
- 6.2.25 specify terms for appointment and dissolution of different Committee(s) of the Clearing Corporation;
- 6.2.26 carry out settlement of disputes, complaints, claims arising between Member inter-se as well as between Members and person who are not Members relating to any deal in securities cleared and settled through the Clearing Corporation including settlement by arbitration;

- 6.2.27 specify norms, procedures, terms and conditions for arbitration;
- 6.2.28 decide on the framework to impose penalties for non-compliance with or contravention of these Bye-Laws, the Rules Regulations and Circulars of the Clearing Corporation or that of SEBI;
- 6.2.29 specify norms, procedures, terms and conditions in respect of, incidental to or consequential to close out of deals;
- 6.2.30 specify the processes for expulsion or suspension of the Members;
- 6.2.31 declare any Member as a defaulter or impose suspension or terminate from Membership of the Clearing Corporation;
- 6.2.32 exercise its powers in such other matters in relation to the Clearing Corporation as may be specified under the provisions of the Memorandum and/or Articles of Association or these Bye-Laws or as may be necessary or expedient for the maintenance, control, management, regulation;
- 6.2.33 disseminate information and make announcements;
- 6.2.34 any other matter as may be decided by the Board.
- 6.3 Powers to amend Bye-Laws:
  - 6.3.1 Subject to the requirements set out under the Relevant Acts or as approved by SEBI, the Clearing Corporation may from time to time amend all or any part of these Bye-Laws as may be deemed necessary or appropriate.
- 6.4 Power to issue Notices and Circulars/ Power to Prescribe Enabling Provisions:
  - 6.4.1 The Relevant Authority may, from time to time, issue clarifications/ directive / Notice and/or Circulars, as may be required from time to time, to remove any difficulties or ambiguity in implementing the provisions of any of the Bye-Laws of the Clearing Corporation and Regulations framed thereunder, which shall have the same effect as these Bye-Laws and the Regulations.
  - 6.4.2 Any non-compliance or violation of such clarifications/ directives /Notice and/or Circulars shall be deemed to be a contravention of these Bye-Laws.
- 6.5 Board's power to delegate
  - 6.5.1 Board
    - 6.5.1.1 The Board is responsible for the governance of the Clearing Corporation pursuant to these Bye-Laws.
    - 6.5.1.2 The Board may delegate such of its powers, authorities and functions to such directors, officers, employees, persons and to such Committees as it may authorise from time to time.
    - 6.5.1.3 The Board may delegate one or more of the functions in provision 6.2 to the Relevant Authority of the Clearing Corporation for effective and timely decision making and implementation.
- 6.6 Jurisdiction and governing law
  - 6.6.1 These Bye-Laws shall be governed by and construed in accordance with the laws of India, Save as provided under these Bye-Laws and irrespective of the location of Member of the Clearing Corporation or any of the entities rendering any service to the Clearing Corporation and its

Members towards completing the Clearing and Settlement functions under these Bye Laws, the court in Mumbai shall have the exclusive jurisdiction to determine any dispute with the Clearing Corporation in relation to or arising from these Bye-Laws.

- 6.6.2 All Deals admitted by the Clearing Corporation for Clearing and Settlement shall be deemed to have been entered into exclusively in the city of Mumbai and courts in Mumbai shall have exclusive jurisdiction with regard to such deals, admitted on the Clearing Corporation.
- 6.6.3 The Clearing Corporation may, from time to time, specify deals as subject to a particular jurisdiction, having regard to the type or nature of the deal settled on the Clearing Corporation and other relevant factors.
- 6.6.4 Members are liable for due fulfilment of their obligations to the Clearing Corporation as may be specified by the Relevant Authority, whether such obligation be for account of the Member or on account of a Constituent.
- 6.6.5 The Clearing Corporation shall be entitled to bring an action in any court of competent jurisdiction against a Member to enforce the obligations of a Member which may arise under or in connection with these Bye-Laws, a judgment an award or an order.
- 6.6.6 Any dispute between a Member of the Clearing Corporation and its constituents may be referred to any court in India depending on the location of the said Client provided the Clearing Corporation is not being made a party to the dispute.
- 6.7 Governing language
  - 6.7.1 All Rules, Notices, writings, Circulars, instructions and documents issued by the Clearing Corporation under these Bye-Laws in relation to the operation and functions of the Clearing Corporation shall be in the English language. For the convenience of Members, the Clearing Corporation may publish Notice and/or Circulars in any other language in addition to English. In case of any discrepancy between the different versions of any Notice and/or Circular, the English version shall prevail.

## 7. MEMBERSHIP OF CLEARING CORPORATION

- 7.1 The Relevant Authority is empowered to admit Members in accordance with the Bye Laws, Rules and Regulations subject to the minimum financial requirements prescribed by the Clearing Corporation.
- 7.2 Such Members shall pay such fees, security deposits and other monies as may be specified by the Board or the Relevant Authority from time to time, on admission as Member and for continued admission.
- 7.3 The fees, security deposits, other monies and any additional deposits paid, whether in the form of cash, bank guarantee, securities or otherwise, with the Clearing Corporation, by a Member from time to time, shall be subject to a first and paramount lien for any sum due to the Clearing Corporation and all other claims against the Member for due fulfilment of engagements, obligations and liabilities of Members arising out of or incidental to any dealings made subject to and in accordance with the Bye laws, Rules and Regulations of the Clearing Corporation.
- 7.4 The Clearing Corporation shall be entitled to adjust or appropriate such fees, deposits and other monies for such dues and claims, to the exclusion of the other claims against the Member, without any reference to the Member.

- 7.5 Members of the Clearing Corporation shall clear and settle deals through the Clearing Corporation in such manner and mode and subject to such terms and conditions and procedures as may be specified by the Clearing Corporation.
- 7.6 Members shall clear and settle deals either on their own account or on behalf of their clients unless otherwise specified by the relevant authority and subject to such terms and conditions which the relevant authority may prescribe from time to time.
- 7.7 The proceeds arising out of invocation of the bank guarantees furnished by a Member in lieu of security deposits or additional deposits on being invoked by the Clearing Corporation shall not be reckoned as part of the Member's deposits for the purpose of enablement or exposure, etc.
- 7.8 The Clearing Corporation may utilise the proceeds of the bank guarantee so invoked for the purpose of settlement of claims / dues of the Clearing Corporation and towards claims of the stock exchanges or SEBI against the Member. The surplus, if any, shall be refunded to the Member.
- 7.9 Any bank included in the Second Schedule of the Reserve Bank of India Act, 1934, and specifically authorised by Reserve Bank of India for this purpose;
- 7.9.1 is eligible to become a Member of the Clearing Corporation, on the recommendation of the Relevant Authority.
- 7.9.2 such bank can only act as a Member for its clients or constituents.
- 7.9.3 such bank shall also abide by the circulars and directions issued by RBI and SEBI in respect of dealings of such bank on the Clearing Corporation besides Rules, Byelaws and Regulations of the Clearing Corporation.
- 7.10 General and prudential requirements:
- 7.10.1 An Applicant Member shall not be entitled to exercise any of the rights or privileges of Membership unless it;
- 7.10.2 has paid in full the non-refundable Membership fees, annual fees and any other charges, deposits or fees as may be specified by the Clearing Corporation.
- 7.10.3 meets the applicable minimum capital and financial requirements specified in the Rules and/or Circulars issued by the Relevant Authority and/or
- 7.10.4 has obtained permission or is exempted under the Relevant statutes from holding license/ authorization / recognition.
- 7.10.5 A Member of any Clearing Segment shall clear and settle Deals/ transaction made on a Concerned Exchange and attributable to it as a Member pertinent to a particular Clearing Segment:
- (a) on its own account or
- (b) on behalf of its Clients and/or
- (c) on behalf of its affiliated Constituents in terms of its scope as a Member in such manner and mode and subject to such terms and conditions and procedures as may be prescribed for the Member for the respective Clearing Segments.

## **8. CLEARING AND SETTLEMENT**

- 8.1 Clearing and Settlement
- 8.1.1 Settlement shall be effected by Members giving and receiving delivery of Goods or Security and paying and receiving funds as may be specified by the Relevant Authority from time to time in the Bye Laws and Regulations.

### 8.1.2 Settlement Finality

- (a) Payment and settlement in respect of a Deal effected under these bye laws, shall be final, irrevocable and binding on the Members and their Constituents.
- (b) When a settlement has become final and irrevocable, the right of the Clearing Corporation to appropriate any collaterals or deposits or margins contributed by the Member towards its settlement or other obligations in accordance with these Byelaws shall take priority over any other liability of or claim against the said Member.
- (c) For removal of doubts, it is hereby declared that the settlement, whether gross or net, referred to in Clause (a) above is final and irrevocable as soon as the money, Goods and Securities or other obligations payable as a result of such settlement is determined, whether or not such money, Goods and Securities or other obligations are actually paid or otherwise.

- (d) The payment and settlement in respect of a Deal, shall be determined in accordance with the netting or gross procedure as specified by the Relevant Authority.

Explanation: 1. For the purpose of Clause (d) above, "netting" means the determination by Clearing Corporation of net payment or delivery obligations of the Member by setting off or adjustment of the inter se obligations or claims arising out of buying and selling of Goods and Securities including the claims and obligations arising out of the termination by the Clearing Corporation, in such circumstances as the Clearing Corporation may specify in Byelaws, of the deals admitted for settlement at a future date or otherwise, so that only a net claim be demanded, or a net obligation be owed.

Explanation: 2 For removal of doubts, it is hereby declared that claims and obligations arising out of the termination by the Clearing Corporation referred to in Explanation 1 above shall mean claims and obligations arising out of deals closed out in accordance with these Bye laws.

### 8.1.3 Right of Clearing Corporation:

- 8.1.3.1 The right of Clearing Corporation to recover the dues from its Members, arising from the discharge of their Clearing and Settlement functions, from the collaterals, deposits and the assets of the Members, shall have priority over any other liability of or claim against the Members.

## 8.2 Deals for Clearing and Settlement

- 8.2.1 The Clearing Corporation shall clear and settle such deals as may be permitted under these Bye Laws from time to time.
- 8.2.2 Without prejudice to the generality of the above, the Relevant Authority may in its discretion and subject to such conditions as it may deem fit admit any other deals.
- 8.2.3 The Clearing and Settlement of deals shall be effected by the Members or any other persons acting through them by adopting and using such arrangements, systems, agencies or procedures as may be prescribed or specified by the Relevant Authority from time to time. Without prejudice to the generality of the foregoing, the Relevant Authority may prescribe or specify, for adoption and use by the Members, , participants, and other specified constituents, such custodial, repository or other

similar services from time to time to facilitate smooth operation of the Clearing and Settlement arrangement or systems.

- 8.2.4 The function of the Clearing and Settlement may be performed by the Clearing Corporation or any agency identified by the Relevant Authority for this purpose;
- 8.2.5 The Clearing Corporation may consider incorporating an independent entity to handle the Clearing and Settlement activities of the Clearing Corporation. As such all rights and obligations of the Clearing Corporation may be transferred to that entity and the Members may be considered to be registered with it and will have to adhere to its Bye Laws, rules and regulations as prescribed from time to time.
- 8.2.6 Settlement in Relevant segment of the Clearing Corporations shall be either on netted basis, gross basis, trade for trade basis or any other basis as may be specified by the Relevant Authority from time to time. Settlement shall be effected by Members giving and receiving delivery Goods and/ or Securities and /or paying and receiving funds as may be specified by the Relevant Authority from time to time in the Bye Laws and Regulations.
- 8.2.7 Save as otherwise expressly provided in the Rules, Bye Laws and Regulations, when funds and Goods and/ or Securities or documents of title to Goods and/ or Securities are, under a prescribed arrangement, routed through the Clearing Corporation, the settlement responsibility shall rest wholly and solely upon the counter parties to the trade and /or the concerned Members as the case may be; and the Clearing Corporation shall act as the common agent of the Members / Constituents for receiving or giving delivery of Goods and/ or Securities and for receiving and paying funds, without incurring any liability or obligation as a principal.

### 8.3 Conditions and requirements of Clearing and Settlement

- 8.3.1 The Relevant Authority may grant admission of deals on the Clearing Corporation provided all the conditions and requirements specified in the Bye Laws and Regulations and such other conditions and requirements as the Relevant Authority may prescribe from time to time are complied with.

### 8.4 Admission of Deals

- 8.4.1 Clearing and Settlement shall be permitted on the Clearing Corporation of deals, which are from time to time admitted by the Relevant Authority in accordance with the provisions of the Bye Laws and Regulations.
- 8.4.2 The Relevant Authority may specify Goods and Securities from time to time, dealings on which may be admitted in accordance with the provisions of the Bye Laws and Regulations in that regard.

### 8.5 Refusal of admission of Deals

- 8.5.1 The Relevant Authority may, in its discretion, approve admission of deals or defer, or reject admission of deals for Clearing and Settlement on the Clearing Corporation subject to such terms as it deems fit.

### 8.6 Specified Deals

- 8.6.1 The Relevant Authority may permit in appropriate cases as it may at its discretion decide from time to time specific deals to be cleared and settled through the Clearing Corporation in case of Goods and Securities which are not admitted or are for the time being prohibited or suspended.
- 8.7 Suspension of admission of Deals
- 8.7.1 The Relevant Authority may suspend at any time the admission of deals including of any of the Goods and Securities for such period as it may determine and reinstate such deals subject to such conditions as it may deem fit.
- 8.8 Withdrawal of admission of Deals
- 8.8.1 The Relevant Authority may where it deems necessary withdraw the admission to dealings of a Concerned Exchange, or otherwise either for breach of or non-compliance with any of the conditions or requirements of admission of dealings or for any other reason whatsoever.
- 8.9 Readmission of Deals
- 8.9.1 The Relevant Authority in its discretion may readmit deals of a Concerned Exchange, or otherwise, which has been previously withdrawn.
- 8.10 Daily Settlement Price
- 8.10.1 The relevant authority of the Clearing Corporation in or without consultation of the concerned Exchange shall, at the close of trading hours, determine the daily settlement price for each security.
- 8.10.2 The Daily Settlement Price so determined by the Clearing Corporation shall be binding on all Members.
- 8.10.3 Notwithstanding anything in these Byelaws, the relevant authority reserves the right to amend daily, the settlement prices of any security where it deems fit.
- 8.11 Inability to declare Daily Settlement Price:
- 8.11.1 If in the opinion of the Relevant Authority a situation or practice may prevent or has prevented the determination of the Daily Settlement Price for a Security or a group of Securities in accordance with the relevant Contract Specifications, the Relevant Authority may take any steps it deems necessary in the circumstances to correct such situation so as to enable the Daily Settlement Price to be determined and declared and may give directions to Members accordingly.
- 8.12 Final Settlement Price:
- 8.12.1 The Final Settlement Price shall be such price as may be specified by the Relevant Authority.
- 8.13 Open Positions:
- 8.13.1 All positions shall remain open and in force and shall continue to be binding upon the Members until liquidated by offsetting positions in accordance with these Byelaws, or upon delivery or cash settlement, provided however that all open positions shall cease to exist on the dates such contracts are stated to expire.



- 8.13.2 The relevant authority may from time to time specify the provisions relating to Corporate Action adjustments, including non-adjustment, in open positions, discontinuing any or all securities and/or settlement methods and procedures for the relevant securities, arising out of or incidental to corporate actions in the underlying.
- 8.14 Transfer of Open Positions:
- 8.14.1 The Clearing Corporation may:
- upon the request of a Member,
  - where provided in Rules and/or Regulations of the concerned Exchanges, at the direction of the said Exchange, or
  - pursuant to the disciplinary provisions contained in these Byelaws – transfer an open position held in the name of a Member (the “Transferor Member”) to another Member (they “Transferee Member”).
- 8.14.2 Notwithstanding the above provision 8.14.1, the relevant authority may decline to effect the transfer of a position without providing any reason. A transfer may be made subject to the Transferor Member and Transferee Member complying with any conditions imposed by the Clearing Corporation, including the deposit of Margin, or collateral by either or both of the Transferor Member and the Transferee Member, or any other party.
- 8.14.3 The transfer shall be effected in such manner and at such time as the Clearing Corporation determines, subject to the acceptance by the Transferee Member. Upon the Transferee Member accepting the transfer in the manner specified by the Clearing Corporation, the open position between the Transferor Member and the Clearing Corporation shall be cancelled and a new open position will come into existence between the Clearing Corporation and the Transferee Member on the same terms as the cancelled open position.
- 8.15 Clearing Banks
- 8.15.1 Appointment of Clearing Bank(s)
- 8.15.1.1 The Clearing Corporation shall appoint Clearing Bank(s) from time to time for the purpose of daily and final Settlement, for the collection of deposits, Margins, and other amounts for all Deals entered into through the Clearing Corporation and any other funds movement between Members and the Clearing Corporation.
- 8.15.1.2 The Relevant Authority shall specify from time to time the processes, account types, procedure and operations that every Member shall be required to follow for the purpose of funds settlement through their accounts maintained with the Clearing Bank (s). The Clearing Corporation shall have the power to enter into necessary arrangement with financial institutions or entities such as banks for conducting clearing and settlement operations.
- 8.16 Clearing Hours
- 8.16.1 The hours for clearing and settlement shall be during such time as may be decided by the Clearing Corporation from time to time. The Clearing Corporation may, from time to time, specify clearing hours for different types of deals.
- 8.16.2 The Clearing Corporation may declare a list of holidays in a calendar year. Without prejudice to the above, for reasons to be recorded, the Clearing Corporation may from time to time alter or cancel any of the holidays fixed in accordance with these provisions.
- 8.16.3 The Clearing Corporation may, for reasons to be recorded, suspend Clearing and Settlement operations on days other than or in addition to holidays.

- 8.16.4 The provisions under sub clause (8.16.1), (8.16.2) and (8.16.3), shall be subject to the approval of SEBI, as the case may be.
- 8.17 Novation
- 8.17.1 Upon a Deal in relation to a Security transacted on the Concerned Exchange being reported to the Clearing Corporation for Clearing and Settlement, the relevant Deal shall be passed on to the Clearing Corporation. The Clearing Corporation shall then become the Central Counterparty for each such Deal.
- 8.17.2 Novation shall result in two contracts, one between the Selling Member and the Clearing Corporation, and the other between the Clearing Corporation and the Buying Member. Each separate contract resulting from such Novation shall be identical to the original contract except that the Clearing Corporation shall be substituted as and shall assume the position, and accordingly rights and liabilities, of Selling Member to the Buying Member and conversely, the position, and accordingly the rights and liabilities, of Buying Member to the Selling Member.
- 8.17.3 The Clearing Corporation shall be entitled to rely conclusively on the accuracy and authenticity of any and/or all information and data regarding any Deal or transaction submitted to the Clearing Corporation by or on behalf of the Concerned Exchange or any Member, whether or not a Member has in fact authorised the submission of such information or data so submitted.
- 8.17.4 Each Open Position (whether designated to a proprietary position or a Client position of a Member) when accepted by the Clearing Corporation for Clearing and Settlement shall be between the Clearing Corporation and a Member as principal to principal.
- 8.17.5 No other person or any third party, including any Trading Member who is a Client of the Member, or otherwise, shall have any rights under any Open Position between the Member and the Clearing Corporation.
- 8.17.6 Nothing in these Bye-Laws shall be regarded, treated or otherwise interpreted as:
- limiting, diminishing, modifying or otherwise affecting the relationship between the Clearing Corporation and a Member.
  - obliging or requiring the Clearing Corporation to recognize any right or entitlement of any third party.
- 8.17.7 Transactions where the Clearing Corporation shall not act as a Legal Counter Party:
- 8.17.7.1.1 If on an investigation, the Concerned Exchange concludes that either all the transaction or part thereof in any Contract executed on its trading platform or any of its other trading systems, have been executed in a fraudulent manner and/or are placed as financial transactions or structured deals and/or with a design to defraud the Core Settlement Guarantee Fund operated by the Clearing Corporation, the Relevant Authority of the Clearing Corporation, upon receiving a report from the Concerned Exchange, shall have absolute authority and discretion to withdraw itself as a legal Counter Party to such Deal / transaction or set of transactions;
  - 8.17.7.1.2 Provided that where the Relevant Authority decides to exercise its discretion to withdraw itself as a legal Counter Party to any such transaction, either in full or in part, and/or either from both sides or single side of the transaction, it shall afford an opportunity of being heard to all the parties affected or likely to be affected by such decision. The decision taken by the Relevant Authority thereafter shall come into force forthwith and shall be final and binding on all the parties concerned.

8.18 Privity of Contract

8.18.1 Notwithstanding anything above, Members giving and receiving delivery as provided in the Bye Laws and Regulations shall be deemed, notwithstanding that no direct contract may exist between them, to have made a contract with each other as sellers and buyers. However the rights and liabilities of Selling Member and Buying Member in relation to their immediate contracting party shall not be deemed to be affected thereby except that the selling member (unless he be himself the seller) shall be released from all responsibility in regard to the title, ownership, genuineness, regularity and validity of the documents of Goods and Securities received by the Buying Member and in regard to the loss and damages arising therefrom, which shall be dealt with in accordance with the provisions of Bye Laws and Regulations thereof.

8.18.2 In cases where the Clearing Corporation may specify either generally or specifically, Members giving and receiving delivery and paying and receiving funds as provided in the Bye Laws and Regulations shall be deemed, notwithstanding that no direct contract exists between them, to have made a contract with the Clearing Corporation as sellers and buyers and between themselves as Selling Members and Buying Members; provided further however that in such event the rights and liabilities of Selling Members and Buying Members with the Clearing Corporation shall not be deemed to be affected thereby except that the Clearing Corporation shall not be responsible in respect of the title, ownership, genuineness, regularity and validity of the documents of Goods and Securities delivered or received and in regard to the loss and damages arising therefrom, which shall be dealt with in accordance with the provisions of Bye Laws and Regulations thereof.

8.18.3 Notwithstanding anything contained above, the Clearing Corporation may specify either generally or specifically that the Clearing Corporation shall be counterparty to the deal specified by it and arising out of trades executed / reported on the trading system of the exchanges or otherwise, admitted for clearing and settlement except the fact that in respect of failure on the part of the Selling Member in tendering delivery, the Clearing Corporation shall be responsible only to pay financial compensation and not to give physical delivery to the Buying Member. The Clearing Corporation shall undertake to guarantee the financial settlement of all deals arising out of deals in Goods and Securities duly executed / reported on the trading system of the exchanges or otherwise irrespective of default, insolvency or failure on the part of the corresponding member. Provided that the settlement guarantee by the Clearing Corporation extends only:

- i. to its own Members, and
- ii. to those deals that have been accepted for clearing and settlement by the Clearing Corporation., and
- iii. to those Members who are not in default in their financial obligations to the Clearing Corporation , an exchange or otherwise.

Provided however, the Clearing Corporation shall not be deemed to guarantee the title, ownership, genuineness, regularity or validity of any Goods and Securities or any document in lieu thereof passing through the Clearing Corporation, the object of maintaining the Clearing Corporation being to facilitate the delivery and payment in respect of the Goods and Securities or documents in lieu thereof between Members.

Provided however that the nature of guarantee by the Clearing Corporation is strictly financial, that is:

- i. The Selling Member will be assured the payment as per the settlement price fixed by the Clearing Corporation on the delivery / expiry date or otherwise after the Clearing Corporation is satisfied that the delivery has been completed; However, upon failure of the Buying Member to make payment of its obligation in the settlement of a Deal the Selling

Member may be assured of the financial compensation as may be specified by the Clearing Corporation; and

- ii. The Buying Member will be assured either a delivery, or upon failure of the Selling Member to give delivery, the financial compensation as may be specified by the Clearing Corporation.

#### 8.19 Operational parameter for Clearing

8.19.1 The Clearing Corporation may determine and announce from time to time operational parameters regarding clearing of deals through the Clearing Corporation, which the Members shall adhere to.

8.19.2 The operational parameters may, inter alia, include:

- (a) Clearing/exposure limits allowed which may include clearing/exposure limits with reference to net worth and capital adequacy norms;
- (b) Clearing volumes and limits at which it will be incumbent for Members to intimate the Clearing Corporation,
- (c) Fixation of delivery lots for different settlement types;
- (d) Other matters which may affect smooth operation of clearing of deals keeping in view larger interest of the public;
- (e) Determining types of deals permitted for a Member and for Goods and Securities;
- (f) Determining functional details of the Clearing and Settlement system including the system design, user infrastructure and system operation;
- (g) Any other matters which is required to ensure the settlement functions.

#### 8.20 Delivery of Goods and Securities:

8.20.1 Delivery of all Goods and Securities or documents in lieu thereof and payments in respect of the same shall be in such manner as the Clearing Corporation may prescribe from time to time.

8.20.2 The Clearing Corporation shall specify from time to time, the Goods and Securities or documents in lieu thereof which, when delivered in prescribed manner, shall constitute good delivery. Where circumstances so warrant, the Clearing Corporation may determine, for reasons to be recorded, whether or not a delivery constitutes a good delivery, and such finding shall be binding on the parties concerned. Where the Clearing Corporation determines that a delivery does not constitute a good delivery, the Selling Member shall be required to substitute good delivery instead or make such payment of difference amount including the penalty for default and monetary compensation towards the claim of loss, if any, as prescribed by the Clearing Corporation within such time period as may be specified failing which appropriate action may be initiated by the Clearing Corporation as provided in the Bye Laws, Rules and regulations from time to time.

8.20.3 The Clearing Corporation may prescribe from time to time such norms and procedures which may include delivery with respect to deals admitted by the Clearing Corporation for clearing and settlement and matters incidental thereto.

8.20.4 The Clearing Corporation shall prescribe the norms for approving the Warehouses/Warehouse Service Providers for the purpose of deposit and delivery of Goods.

8.20.5 The Depositors/Selling Clients shall complete the Know Your Depositor Documents (KYD) before depositing any Goods in the warehouses approved by the Clearing Corporation or otherwise as the case may be and shall be bound by the Guidelines/Circulars as may be issued by the Clearing Corporation from time to time.

- 8.20.6 The Clearing Corporation shall prescribe the norms for deposit and delivery of Goods from the Warehouses approved by the Clearing Corporation or the repository as the case may be and all deliveries and deposits shall be governed by the Physical Delivery Guide as may be notified by the Clearing Corporation from time to time.
- 8.20.7 The Clearing Corporation may prescribe from time to time the requirements and procedures for determining disputed deliveries or defective deliveries, and measures, procedures and system of resolving the dispute or defect in deliveries or of consequences of such deliveries or the resolution shall, subject to and in accordance with the Bye Laws, Rules and Regulations.
- 8.20.8 The relevant authority may prescribe from time to time such norms and procedures which may include delivery with respect to market lot, odd lot, minimum lot, part delivery, delivery period, expiry date, designated tender days, delivery orders, delivery grades, delivery centers, freight adjustment factors, sampling analysis & certification method etc. shall be as prescribed by the relevant authority from time to time.
- 8.20.9 For the purpose of deliveries of Goods under this clause the Clearing Corporation shall approve Warehouses in accordance to the norms and procedures as prescribed by the Clearing Corporation and/or SEBI from time to time.
- 8.20.10 The Clearing Corporation shall prescribe such norms not specifically mentioned herein but necessary for the purpose of ensuring Good Delivery.
- 8.21 Closing Out
- 8.21.1 A deal admitted for Clearing and Settlement may be transferred to another Member with his consent on the failure of a Member to comply with any of the provisions relating to delivery, payment and settlement of deals or on any failure to fulfil the terms and conditions subject to which the deal has been made, or such other circumstances as the Clearing Corporation may specify from time to time. The deal may be transferred to another Member by the Clearing Corporation in such manner, within such time frame, and subject to such conditions and procedures as the Clearing Corporation may prescribe from time to time.
- 8.21.2 A deal admitted for Clearing and Settlement may be closed out on failure of a Member to comply with any of the provisions relating to delivery, payment and settlement of deals or on any failure to fulfil the terms and conditions subject to which the deal has been made, or such other circumstances as the Clearing Corporation may specify from time to time. The deal may be closed out by the Clearing Corporation in such manner, within such time frame, and subject to such conditions and procedures as the Clearing Corporation may prescribe from time to time.
- 8.21.3 Without prejudice to the generality of the foregoing, the Clearing Corporation may close out deals, inter alia, by buying in or selling out against a Member in the following circumstances
- (a) in case of the Selling Member, on failure to make payment of settlement obligation or on failure to make delivery on the due date; and
- (b) in case of the Buying Members, on failure to make payment of settlement obligation on the due date,
- (c) and any loss, damage or shortfall sustained or suffered as result of such closing out shall be payable by the defaulting Member.
- 8.21.4 The Clearing Corporation may suspend or postpone closing-out in respect of any deals and from time to time extend or postpone the period of such suspension or postponement when circumstances appear in its view to make such suspension or postponement desirable in the general

interest. The liability of Member in respect of deals in such Goods and Securities settled through the Clearing Corporation shall continue during the period of such suspension or postponement.

- 8.21.5 The Clearing Corporation may defer closing-out in any particular case if in its opinion a fair market to close-out is not available or if it determines that the default is due to the existence of a special situation but no such deferment shall relieve the Member in default of the obligation to pay for any resulting damages or free the intermediate parties of their liabilities.
- 8.21.6 The Clearing Corporation shall effect closing out against the Member in any of the following manner:
- i. by declaring a closing-out at such prices as may be decided by the Clearing Corporation.
  - ii. in any other manner as the Clearing Corporation may decide from time to time.
- 8.21.7 If any Member against whom a deal is closed-out under the provisions of these Bye Laws, fails to make payment of the loss arising out of the closing -out and of the damages, if any, within such time as may be stipulated by the Clearing Corporation from time to time, he may be declared a defaulter.
- 8.22 Failure to meet obligations
- 8.22.1 In the event a Member fails to meet obligations to the Clearing Corporation arising out of Clearing and Settlement operations of admitted deals the Clearing Corporation may charge such interest, impose such penalties and fines and take such disciplinary action against the Member as it may determine from time to time. Any disciplinary action, which the Clearing Corporation takes pursuant to the above, shall not affect the obligations of the Member to the Clearing Corporation or any remedy to which the Clearing Corporation may be entitled under applicable law.
- 8.23 Liquidation of Goods and Securities
- 8.23.1 The Clearing Corporation shall prescribe the norms, procedures, terms and conditions for appointment of liquidation agents and the process of liquidation of Goods and Securities from time to time.
- 8.23.2 The decision of the Clearing Corporation with respect to all matters relating to liquidation of Goods and Securities shall be final and conclusive.
- 8.24 Record for Evidence
- 8.24.1 The record of a Deal as maintained by a central processing unit or a cluster of processing units or computer processing units, whether maintained in any other manner shall constitute the agreed and authentic record in relation to any deals cleared and settled through the Clearing Corporation. For the purposes of any disputes regarding Clearing and Settlement of deals, the records as maintained by the Clearing Corporation shall constitute valid evidence in any dispute or claim between the constituents and the Members or between the Members inter-se or between the Members and the Clearing Corporation.
- 8.25 Member only parties to Deals
- 8.25.1 The Clearing Corporation does not recognize as parties to deals any persons other than its own Members, and every Member is directly and wholly liable in accordance with whom such Member has any deal, for due fulfilment of the deal, as may be specified by the Clearing Corporation, whether such deal be for account of the Member effecting it or for account of a constituent.
- 8.26 All Deals subject to Bye Laws, Rules and Regulations

- 8.26.1 All deals shall be made subject to and in accordance with the Rules, Bye Laws, Regulations, Circulars and guidelines as issued/notified by the Clearing Corporation from time to time and this shall be a part of the terms and conditions of all such deals and the deals shall be subject to the exercise by the Clearing Corporation of the powers with respect thereto vested in it by the Bye Laws, Rules and Regulations.
- 8.27 Inviolability of admitted Deals
- 8.27.1 All the Deals settled on the Clearing Corporation subject to and in accordance with the Bye laws, Rules and Regulations shall be in-violable and shall be cleared and settled in accordance with the Bye laws, Rules and Regulations. However, the Clearing Corporation may by a notice annul the deal(s) on an application by a Member in that behalf; if the Clearing Corporation is satisfied after hearing the other party/parties to the deal(s) that the deal(s) is /are fit for annulment on account of fraud or wilful misrepresentation or material mistake in the deal.
- 8.27.2 Notwithstanding anything contained in above clause, the Clearing Corporation may, to protect the interest of constituents in contracts or Goods or Securities and for proper regulation of the market, suomoto annul deal(s) at any time if the relevant authority is satisfied for reasons to be recorded in writing that such deal(s) is/ are vitiated by fraud, material mistake, misrepresentation or market or price manipulation and the like.
- 8.27.3 Any annulment made pursuant to clause (8.27.1) and (8.27.2) above, shall be final and binding upon the parties to deal(s). In such an event, the Member shall be entitled to cancel the relevant deal(s) with its constituents.
- 8.28 Deals by Representative Members
- 8.28.1 A Member may authorise another Member to act as its representative for a specified period with the prior permission of the Clearing Corporation.
- 8.29 Indemnity
- 8.29.1 Every Member shall indemnify and keep indemnified the Clearing Corporation against all losses, costs, expenses, damages injuries and liabilities arose out of or in connection with any violation by the Member (including its present and past directors, officers, employees, agents, clients) of its obligations under these Bye-Laws or the Regulations made thereunder or the Rules or violation of any applicable law or any unlawful, wilful, reckless or negligent act or omission of the Member (including its present and past directors, officers, employees, agents and Clients).
- 8.29.2 Each Member shall indemnify and hold the Clearing Corporation harmless for the full amount awarded under any judgment, settled or paid by the Clearing Corporation in respect of any legal or administrative proceeding brought against the Clearing Corporation as a result of an alleged violation of any applicable law or these Bye-Laws by such Member or as a result of an alleged failure of the Clearing Corporation to detect, prevent or otherwise act against such alleged violation.
- 8.29.3 Each exemption from liability, defense or immunity to the Clearing Corporation or to which the Clearing Corporation is entitled under these Bye-Laws shall also be available and shall extend to protect directors, officers, employees or agents of the Clearing Corporation.
- 8.29.4 The Clearing Corporation shall not be liable for any act of a Member or its Constituents or any person acting on their behalf whether authorised or unauthorised including deals cleared and settled through the Clearing Corporation save and except as and to the extent provided in the Bye Laws, Rules and Regulations.
- 8.30 Limitation of Liability

- 8.30.1 The Clearing Corporation shall have no liability, obligation or duty to any Member, any of their clients or any third party, including but not limited to, as a result of:
- 8.30.1.1 any force majeure event which is beyond the reasonable control of the Clearing Corporation;
  - 8.30.1.2 any losses or damages, including consequential losses and damages incurred or which may arise directly or indirectly with respect to the activities and functions of the Clearing Corporation;
  - 8.30.1.3 any failure, omission or error on the part of the Clearing Corporation including any losses or damages with respect to Clearing and Settlement through the infrastructure of the Clearing Corporation or suspensions, interruption, cancellation or closure of the Clearing Corporation or any inoperability or malfunction of any equipment, software compute system or any other product operated, supplied or used by the Clearing Corporation;
  - 8.30.1.4 any decision of the Disciplinary Action Committee or Defaulters Committee exercising their powers or the Clearing Corporation accepting a Member's or the Clearing Corporation's decision to suspend or terminate the membership of any Member or declare any Member to be a Defaulter Member.
  - 8.30.1.5 the exercise or failure to exercise any discretion or rights under these Bye-Laws by the Clearing Corporation.
- 8.30.2 Without prejudice to any other limitation or exclusion of liability:
- 8.30.2.1 in the event of a Declared Default, the liability of the Clearing Corporation shall be limited to net losses suffered by any Member not in default resulting from the substitution of the Clearing Corporation by way of Novation in respect of the transactions between Members ; and
  - 8.30.2.2 except as expressly provided in 8.32.1, the Clearing Corporation shall not have any liability or obligation to any Client of a Member or any person that such Client may be liable to or has any obligation to, nor shall the Clearing Corporation be liable for any obligations or liabilities or a Member to any person (including any non- Member of the Clearing Corporation), or any obligations of a Member to any other Member other than liabilities of the Clearing Corporation as a central counterparty.
  - 8.30.2.3 Immunity and Protection for acts done in good faith
    - 8.30.2.3.1 No claim, suit, prosecution or any other legal proceedings shall lie against the Clearing Corporation or any of its directors, officers, employees or any other duly authorised persons acting for and on behalf of the Clearing Corporation, in respect of anything which is done or intended to be done or omitted in good faith in exercise of any power under these Bye-Laws or Regulations made thereunder, Rules, Circulars and/or Notices or in pursuance of any order or any other kind of communication received by the Clearing Corporation in writing from any court, tribunal, Government, SEBI, or any other competent regulatory or revenue authority empowered under any law or delegated legislation.
    - 8.30.2.3.2 The liability of the Clearing Corporation resulting from the deemed contracts of Members with the Clearing Corporation and to losses in connection therefrom be limited to the extent of contributions available to the Core Settlement Guarantee Fund. The Clearing Corporation shall not be liable for obligations of the non member,



obligations of the Member to another Member of the Clearing Corporation towards deals to which the Clearing Corporation is not a party or obligations to a Client by a Member and losses in connection therefrom.

#### 8.31 Confidentiality

- 8.31.1 Confidential information that is received and obtained under these Bye-Laws or the Regulations made thereunder shall not be disclosed by the Clearing Corporation or by any of its directors, officers, employees or agents or by a person coming into possession of the information. The Clearing Corporation shall take all necessary steps to preserve and protect the confidential information. The Clearing Corporation shall however, be entitled to disclose confidential information in all or any of the following circumstances;
- a. for the purpose of compliance with any applicable law, Rule or regulation;
  - b. for the purpose of the Clearing Corporation to institute, carry on or defend any proceedings including any court proceedings; or
  - c. in relation to the enforcement of that Member's obligations under these Bye-Laws or the Regulations made thereunder and the Rules of the Clearing Corporation.

#### 8.32 Force Majeure

- 8.32.1 The Clearing Corporation shall not be liable for any harm, loss, damage or injury caused by it to any person if such harm, loss, damage or injury is caused by conditions beyond its control. Such events or causes include war, riots, acts of God, civil disturbances, terrorism, acts of a civil or military authority, embargoes, fires, labour disputes, natural calamities like floods, cyclones, tsunami, explosions, accidents, mechanical breakdowns, computer or system failures or other failures of equipment, any failure or interruption of any network, telecommunication equipment or online system, any failure or interruption of power supply, any failure in the utility of service provider, any failure of or defect in compute or software systems, change of law, interruption or suspension or insolvency or bankruptcy of any bank, financial institution, depository or custodian, market emergency closure of any market or cessation of trading by any of the Concerned Exchanges including any clearing segments or sub-segments handled by the Clearing Corporation on behalf of the Concerned Exchanges.
- 8.32.2 Notwithstanding anything contained in sub clause 8.32.1 above, any failure on the part of the Clearing Corporation which is caused by conditions beyond its control shall not in any way reduce, alter, limit or affect the liability of a Member in respect of any transaction entered into or executed through the systems of the Clearing Corporation by such Member.
- 8.32.3 Notwithstanding the above, the Clearing Corporation shall, on its own or in consultation with the Concerned Exchange be entitled to require any Member to take such actions, including but not limited to closing out of all or any of the Security transactions attributable to a Member or the Clients affiliated to the said Member as the Clearing Corporation may direct in respect of the Security transactions affected by the force majeure event.

### 9. MARGINS AND LIMIT

#### 9.1 Margin Requirements

- 9.1.1 The Clearing Corporation may from time to time prescribe requirements of margins for deals cleared and settled through the Clearing Corporation and the Member shall furnish such margin as a condition precedent.
- 9.1.2 Every Member has a continuing obligation to maintain margins at such levels and during such periods as may be stipulated by the Clearing Corporation from time to time.

- 9.1.3 The Clearing Corporation shall impose additional/ special margins at the behest of the exchanges or the Relevant Authority as the case may be.
- 9.2 Form of Margin
- 9.2.1 The margins to be provided by a Member under the Bye Laws, Rules and Regulations shall be in such form as may be prescribed by the Clearing Corporation from time to time.
- 9.2.2 The Clearing Corporation may at its discretion accept monies, fixed deposit receipt, bank guarantee, goods and securities or any other financial instrument/ asset subject to such terms and conditions as the Clearing Corporation may impose from time to time.
- 9.2.3 Any such monies, fixed deposit receipt, bank guarantee, goods and securities or any other financial instrument/ asset shall be deemed to have been pledged in favour of the Clearing Corporation.
- 9.3 Quantum of Margin
- 9.3.1 The Member depositing margins, in the form of goods and securities by way of pledge or otherwise or in such other mode as may be specified by the Clearing Corporation from time to time, shall always maintain the value thereof at not less than the quantum of margin required for the time being covered by them by providing further goods and securities to the satisfaction of the Clearing Corporation which shall determine the said value and whose valuation shall conclusively fix the amount of any deficiency to be made up from time to time.
- 9.4 Margin to be held by the Clearing Corporation
- 9.4.1 The margins shall be held by the Clearing Corporation in the form of monies, fixed deposit receipt, bank guarantee, goods and securities or any other financial instrument/ asset and may be transferred to such persons or to the name of a custodian or such other entity approved by the Clearing Corporation.
- 9.4.2 All margin deposits shall be held by the Clearing Corporation and/or by the approved custodian in such form and on such account as the Clearing Corporation may deem fit without any right whatsoever on the part of the depositing Member or those in its right to call in question the exercise of such discretion.
- 9.5 Letter of declaration
- 9.5.1 A Member depositing margin under the provisions of these Bye Laws and Regulations shall when required to do so sign a Letter of Declaration in respect of such matters and in such form or forms as the Clearing Corporation may from time to time prescribe.
- 9.6 Lien on Margins
- 9.6.1 The margin paid by way of monies, fixed deposit receipt, bank guarantee, goods and securities or any other financial instrument/ asset pledged by a Member under the provisions of the Bye Laws, Rules and Regulations shall be subject to a first and paramount lien for all sums due to the Clearing Corporation.
- 9.6.2 Margin shall be available in preference to all other claims against the Member for the due fulfilment of his obligations and liabilities arising out of or incidental to clearing and settlement of deals subject to and in accordance with the Bye Laws, Rules and Regulations or anything done in pursuance thereof.
- 9.7 Utilisation for failure to meet Obligations

- 9.7.1 In the event a Member fails to meet obligations to the Clearing Corporation arising out of Clearing and Settlement of such deals on Clearing Corporation as provided in the Bye Laws, Rules and Regulations, the Clearing Corporation shall be entitled to utilise any amount paid by the said Member in the form of margin or any other payment retained by the Clearing Corporation for the purpose of Clearing and Settlement on the Clearing Corporation.
- 9.7.2 In case of default by a Member to the Clearing Corporation arising out of the positions in one or more clearing segments, the Clearing Corporation shall be entitled to utilise the margins or any other monies of such a Member in any other clearing segment in order to meet the obligations arising out of such positions.
- 9.7.3 In the event of a member/client failing to honour pay-in/margin obligations, the Clearing Corporation may employ the alternative tools to liquidate the positions and regain a matched book based on the conditions of market liquidity, volatility, size of position to be liquidated as may be prescribed by the Clearing Corporation or/ and as per directions of SEBI from time to time.
- 9.8 Evasion of Margin requirements forbidden
- 9.8.1 A Member shall not directly or indirectly enter into any arrangement or adopt any procedure for the purpose of evading or assisting in the evasion of the margin requirements specified under the Bye Laws, Rules and Regulations.
- 9.9 Suspension on failure to pay Margin
- 9.9.1 If a Member fails to pay margin as required in the Bye Laws, Rules and Regulations, the Clearing Corporation may take such action, as it may deem fit and specified from time to time including suspension. The suspension shall continue until the margin required is duly deposited.
- 9.9.2 The Clearing Corporation shall not have any obligation or responsibility to preserve, protect, collect or realise collaterals or its value other than that applicable to an ordinary and prudent person and under no circumstances shall the Clearing Corporation be liable for any loss or diminution in value or depreciation in or in connection with the Collaterals tendered or deposited by the Member and maintained as above.
- 9.9.3 A Member who maintains collaterals with the Clearing Corporation pursuant to these Byelaws and the Rules shall indemnify and hold the Clearing Corporation harmless from any loss, damage, costs, charges and / or expenses of whatsoever nature and however arising ("loss") suffered or incurred by the Clearing Corporation to any approved custodian which may result from or arise with respect to:
- 9.9.3.1 any act, delay or omission in connection with the Collaterals deposited with such approved Custodian (by such Member or the Clearing Corporations) or;
- 9.9.3.2 any agreement between the Member and any approved Custodian or bank or any representation, warranty or undertaking given by the Clearing Corporation to any designated Custodian or bank in relation to or otherwise in connection with Collaterals deposited with such approved Custodian or bank, provided that this indemnity shall not cover any loss and/or liability of the Clearing Corporation attributable to or referable to the gross negligence or wilful misconduct of the Clearing Corporation or any of its directors, officers employees or agents.
- 9.9.4 Each Member shall pay the Clearing Corporation all fees, expenses, charges and costs incurred by the Clearing Corporation in relation to its acceptance and maintenance of Collaterals specified under the Rules of the Clearing Corporation as the relevant authority may determine from time to

time and shall make such deposits of margins (in such form as may be acceptable to the Clearing Corporation) as may be required by the Clearing Corporation by reason of any erosion or depreciation in the market value of such Collaterals.

- 9.9.5 Failure or default of a Member in fulfilling its obligations to the Clearing Corporation in accordance with the provisions of these Byelaws and the Rules, the Collaterals of a Member maintained with the Clearing Corporation may be disposed of, without notice and in any manner deemed appropriate by the Clearing Corporation and the proceeds from the liquidation of such Collaterals shall be applied against the obligations of the Member to the Clearing Corporation in respect of one or more Clearing Segments.
- 9.10 Limits
- 9.10.1 The Clearing Corporation may at any time in its absolute discretion or as directed by Relevant Authority, prescribe limits on exposure / Open Positions of a Member or in a Good or Security, either in quantity or value or as a percentage of capital adequacy / net worth / base capital or a combination of any of the above or such other method as the decided by Clearing Corporation or as directed by the Relevant Authority from time to time for all or any of the Member / Goods/ Securities.
- 9.10.2 The Clearing Corporation may at any time impose, increase, reduce or remove any limits pursuant to the above clause either on its own or as directed by Relevant Authority.
- 9.10.3 If a Member exceeds any limit imposed by the Clearing Corporation, the Clearing Corporation or the Relevant Authority may take such action as it may deem fit and specified from time to time including close out of open positions on the Member or withdrawal of clearing facility.
- 9.11 Clearing Fees
- 9.11.1 The Clearing Corporation may prescribe from time to time fees, charges and recoveries to be levied on the Members in respect of Clearing and Settlement of deals and it shall be obligatory on each Member to pay the Clearing Corporation all such fees, expenses, charges and costs incurred by the Clearing Corporation in relation to its acceptance and maintenance of Collaterals specified under the Rules of the Clearing Corporation as the relevant authority may determine from time to time and shall make such deposits of margins (in such form as may be acceptable to the Clearing Corporation) as may be required by the Clearing Corporation by reason of any erosion or depreciation in the market value of such Collaterals.

## 10. RIGHTS AND LIABILITIES OF MEMBERS AND CONSTITUENTS

- 10.1 Margin from Constituents
- 10.1.1 A Member shall demand from his constituent the margin it has to provide under the Rules, Bye Laws, Rules and Regulations in respect of the business done for such constituent. Margins applicable on client positions have to be compulsorily collected from the clients and reported to the Clearing Corporation by the Members.
- 10.1.2 A Member shall also demand and collect such prescribed margin in cash, securities, fixed deposit receipts, liquid assets or such other forms from his constituent as may be prescribed by the Clearing Corporation/ Relevant Authority, before undertaking to clear their obligations and to stipulate that the constituent shall pay a margin or furnish additional Margin as may be specified by the Clearing Corporation from time to time.
- 10.1.3 The constituent shall when from time to time called upon to do so forthwith pay margins and furnish additional margins as required under the Rules, Bye Laws and Regulations in respect of his obligations and as agreed upon by him with the Member concerned.
- 10.2 Constituent in Default

- 10.2.1 A Member shall not transact business directly or indirectly for a constituent who to his knowledge is in default to another Member unless such constituent shall have made a satisfactory arrangement with the Member who is his creditor.
- 10.2.2 On the application of a creditor Member who refers or has referred to arbitration his claim against the defaulting constituent, the Clearing Corporation shall issue instructions to members restraining them from paying or delivering to the defaulting constituent any monies or goods or securities up to an amount or value not exceeding the creditor member's claim payable or deliverable by him to the defaulting constituent in respect of deals subject to the Bye Laws, Rules and Regulations, which monies, goods and securities shall be deposited with the Clearing Corporation.
- 10.2.3 The monies, goods and securities deposited shall be disposed of in terms of the award in arbitration and pending a decree shall be deposited with the concerned Court when filing the award unless the creditor member and the defaulting constituent mutually agree otherwise.
- 10.3 Closing out of constituent's account
- 10.3.1 Unless otherwise specified by the Clearing Corporation from time to time, when closing-out the account of a constituent a member may assume or take over such deals to his own account as a principal at prices which are fair and justified by the condition of the market or he may close out in the open market and any expense incurred or any loss arising therefrom shall be borne by the constituent.
- 10.4 Closing out in the event of death or insolvency of a Constituent / Trading Member:
- 10.4.1 A Member may close out all open transactions on account of a Constituent who has died or declared insolvent or bankrupt. A Member may close out all open transactions on account of such a constituent.
- 10.5 Release of funds and securities by Members:
- 10.5.1 A Member shall make pay out of funds and Securities in such manner so as to ensure full and timely compliance of all relevant requirements in this regard as may be prescribed by SEBI / Clearing Corporation.
- 10.6 Confidentiality to be maintained:
- 10.6.1 The Member shall maintain the details of its Constituents in confidence and it shall not disclose such details to any person / entity, except as required under the law or by any authority.
- 10.7 Transfer of positions by Member:
- 10.7.1 The Clearing Corporation may suo moto or on the application of a Constituent of a suspended or defaulter Member or and on such terms and conditions as the Clearing Corporation deems fit to impose, permit all or any open positions of a Member (whether on his own account or on account of his Constituent) or Constituent to be transferred to another Member who agrees to accept such Open Positions.
- 10.8 Segregation of Dues:
- 10.8.1 the accounts of the Members, their Clients and their affiliated Constituents (which is a member of the Concerned Exchange) for whom the Member is acting as such, shall be segregated from each other;
- 10.8.2 the amounts and assets standing to the debit and credit of the Member, its Clients or its affiliated Constituents shall not be adjusted against the credit or debit of each other or;
- 10.8.3 the Member's funds or assets or those of its Clients or affiliated Constituents shall not be utilised for payment of the dues of the other;

- 10.8.4 obligations payable by a Member on his own account shall not be paid or met out of funds / assets of a client or affiliated Constituent;
- 10.8.5 Notwithstanding the aforesaid, any amount or assets payable / deliverable to a Member (on his own account) by the Clearing Corporation may be applied by the Clearing Corporation for paying amounts / assets payable / deliverable by the Member or by any Constituent of the Member or any Trading Member of a Concerned Exchange (whose trades the Member and agreed to clear).
- 10.9 Member not liable to attend to registration of transfer
- 10.9.1 Unless otherwise specified by the Clearing Corporation from time to time, a Member shall not be deemed to be under any obligation to attend to the transfer of title of Goods and Securities and the registration thereof in the name of the Constituent.
- 10.9.2 If it attends to such work in the ordinary course or at the request or desire or by the consent of the Constituent it shall be deemed to be the agent of the Constituent in the matter and shall not be responsible for loss in transit or for the company's refusal to transfer not be under any other liability or obligation other than that specifically imposed by the Rules, Bye Laws and Regulations.
- 10.9.3 The stamp duty, the transfer fees and other charges payable, the fee for attending to the registration of securities/ title transfer of goods, applicable taxes and all incidental expenses such as postage etc. incurred by the Member shall be borne by the constituent.
- 10.10 Registration of securities when in the name of Member or nominee
- 10.10.1 When the time available to the Client of a Member is not sufficient to complete transfers and lodge the securities for registration before the closing of the transfer books and where the security is purchased cum interest, dividend, bonus or rights which the company may have announced or declared, the Member may register the securities in its or its nominee's name and recover the transfer fee, stamp duty and other charges from the Client.
- 10.10.2 The Member shall give immediate intimation to the Clearing Corporation the name of such Client and details of the deals as may be specified by the Clearing Corporation from time to time. The Member shall also give immediate intimation thereof to the Buyer and shall stand indemnified for the consequences of any delay in delivery caused by such action.
- 10.10.3 The Member shall be obliged to re-transfer the security in the name of the original Client as soon as it has become ex interest, dividend, bonus or rights.
- 10.11 No lien on Constituent's Goods
- 10.11.1 If a Member is declared a defaulter after delivering Goods on account of his Client, the Client shall be entitled to claim and on offering proof considered satisfactory by the Clearing Corporation, and in the absolute discretion of the Clearing Corporation, shall receive either such Goods or the value thereof subject to payment or deduction of the amount if any due by him to such Member.
- 10.12 Closing out by Client on failure to perform a Deal
- 10.12.1 If a Member fails to complete the performance of a deal by delivery or payment in accordance with provisions of the Rules, Bye Laws, Rules and Regulations, the Client shall, after giving notice in writing to the Member, close out such deal through any other Member as soon as possible and any loss or damages sustained as a result of such closing out shall be immediately payable by the defaulting Member to the Client.

10.12.2 If the closing out be not effected as provided herein, the damages between the parties shall be determined on such basis as may be specified by the Clearing Corporation from time to time and the Client and the Member shall forfeit all further rights of recourse against each other.

10.13 Complaint by Client

10.13.1 When a complaint has been lodged by a Client with the Clearing Corporation that any Member has failed to perform his dealings, the Clearing Corporation shall investigate the complaint and if it is satisfied that the complaint is justified it may take such disciplinary action as it deems fit in accordance with the provisions of the Rules of the Clearing Corporation.

10.14 Relationship between Member and Client

10.14.1 Without prejudice to any other law for the time being in force and subject to these Bye Laws, the mutual rights and obligations inter se between the Member and his/its constituent shall be such as may be prescribed by the relevant authority from time to time.

## 11. ARBITRATION

11.1 Reference to Arbitration

11.1.1 All claims, differences or disputes between the Members inter se and between Members and Constituents arising out of or in relation to dealings, contracts and transactions admitted for clearing and settlement on the Clearing Corporation subject to its Bye-Laws, Rules and Regulations or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto shall be submitted to arbitration in accordance with the provisions of these Byelaws and Regulations.

11.1.2 All claims, differences or disputes between the Constituents and the Warehouse Service Provider shall be subject to arbitration in the manner as may be prescribed by the Clearing Corporation from time to time.

11.1.3 Such disputes or claims shall be adjudicated in accordance to the provisions of Bye Laws, Rules and Regulations of the Concerned Exchange or the Clearing Corporation as the case may be.

11.1.4 The provisions of Byelaws shall become applicable to all claims, differences, disputes between the parties mentioned therein for all dealings, contracts and transactions admitted for clearing and settlement on the Clearing Corporation and made subject to the byelaws, rules and regulations provided such dealings, contracts and transactions had been entered into between the parties mentioned therein prior to or to the date on which the Member was either declared a defaulter or expelled or has surrendered his trading membership of the Concerned Exchange.

## 12. DEFAULT

12.1 Declaration of Default

12.1.1 A Member may be declared a defaulter by direction/circular/notification of the Clearing Corporation if:

- a) It is a Member of any exchange and the said exchange declares it as a defaulter; or
- b) It is a Member of any clearing corporation and the said clearing corporation declares it to be a defaulter; or
- c) It is unable to fulfil its clearing, settlement or obligations; or
- d) It admits or discloses its inability to fulfil or discharge its duties, obligations and liabilities; or

- e) It fails or is unable to pay within the specified time the damages and the money difference due on a closing-out effected against it under the Rules, Bye Laws, Rules and Regulations; or
- f) It fails to pay any sum due to the Clearing Corporation as the Clearing Corporation may from time to time prescribe; or
- g) It fails to pay or deliver all monies, Goods, securities and other assets due to a Member who has been declared a defaulter within such time of declaration of default of such Member in such manner and to such person as the Clearing Corporation may direct; or
- h) It fails to abide by the arbitration award as laid down under the Rules, Bye Laws, Rules and Regulations; or
- i) It has been adjudicated as an insolvent or being a Company incorporated under the Companies Act, has been ordered to be wound-up by a court of law in the petition filed by any of its creditors, it shall ipso facto be declared a defaulter though it may not have at the same time defaulted on any of its obligations on the Clearing Corporation; or
- j) It files a petition before a court of law for adjudication of itself as an insolvent or for winding-up, as the case may be, although it may not have at the same time defaulted on any of its obligations on the Clearing Corporation; or
- k) Under any other circumstances as may be decided by the Clearing Corporation from time to time;

12.1.2 When a Member is declared a defaulter in terms of 12.1 above, all stock exchanges and clearing corporations shall immediately declare the Member as defaulter.

12.1.3 The Clearing Corporation shall take appropriate action against the associates of the defaulter Member

For the purpose of this sub clause 12.1.3, the term 'associate' shall include a person:

- a) who, directly or indirectly, by itself, or in combination with other persons, exercises control over the Member, whether individual, body corporate or firm or holds substantial share of not less than 15% in the capital of such entities; or
- b) in respect of whom the Member, individual or body corporate or firm, directly or indirectly, by itself or in combination with other persons, exercises control; or
- c) whose director or partner is also a director or partner of the Member, body corporate or the firm, as the case may be.

Explanation: The expression "control" shall have the same meaning as defined under clause (e) of Regulation 2 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or as SEBI may prescribe in this regard from time to time.

12.2 Member's duty to inform

12.3 A Member shall be bound to notify the Clearing Corporation immediately if there is a failure by any Member to discharge its liabilities in full.

12.4 Compromise forbidden

12.4.1 A Member shall not accept from any Member anything less than a full and bona fide money payment in settlement of a debt arising out of a deal cleared through the Clearing Corporation.

12.5 Notice of declaration of Default

12.5.1 On a Member being declared a defaulter a notice shall be forthwith issued to all the Members of the Clearing Corporation.

12.6 Notice to the Stock Exchange



- 12.6.1 On a Member being declared a defaulter, a notice shall be forthwith issued to the stock exchange if the Member is also a trading member of the stock exchange.
- 12.7 Defaulter's book and documents
- 12.7.1 When a Member has been declared a defaulter, the Relevant Authority appointed by the Clearing Corporation shall take charge of all its books of accounts, documents, papers, vouchers and all relevant records as may be required to ascertain the state of its affairs and such Member shall hand over such books, documents, papers, vouchers and all relevant records to such Relevant Authority.
- 12.8 List of Debtors and Creditors
- 12.8.1 The defaulter Member shall file with such Relevant Authority within such time of the declaration of its default as the Relevant Authority may direct, a written statement containing the complete list of its debtors and creditors and the sum owing by and to each.
- 12.9 Defaulter to give information
- 12.9.1 The defaulter Member shall submit to such Relevant Authority such statement of accounts, information and particulars of its affairs as the Relevant Authority may from time to time require and if so desired shall appear before the Relevant Authority at its meetings held in connection with its default.
- 12.10 Inquiry
- 12.10.1 The Relevant Authority may conduct a strict inquiry into the accounts and dealings of the defaulter Member in the market either on its own or through a designated official. Such designated official shall report anything improper, un-businesslike or unbecoming of a Member in connection therewith which may come to its knowledge to the Relevant Authority appointed by the Clearing Corporation for taking disciplinary actions.
- 12.11 Notice Inviting Claims
- 12.11.1 the Clearing Corporation shall publish a notice inviting the legitimate claimants to file claims against the defaulter member within a period of ninety days or such other period as may be specified by the Relevant Authority.
- 12.11.2 The Clearing Corporation shall publish the notice in all the editions of at least one English national daily with wide circulation and in at least one regional language daily with wide circulation at the place(s) where the concerned Member/s are situated and such notice shall also be displayed on the website of the Exchange for the entire specified period.
- 12.11.3 The notice calling for claims shall contain the maximum compensation limit for a single claim and all other relevant information.
- 12.12 Vesting of Defaulter's assets in the Clearing Corporation
- 12.12.1 The Relevant Authority appointed by the Clearing Corporation for taking disciplinary actions shall call in and realise the security deposits in any form, collateral, margin money, other amounts lying to the credit of and Goods and securities deposited by the defaulter Member and recover all moneys, Goods, securities and other assets due, payable or deliverable to the defaulter Member by any other Member in respect of any transaction or dealing made subject to and in accordance with the Bye Laws, Rules and Regulations of the Clearing Corporation and such assets shall vest ipso facto, on declaration of any Member as a defaulter, in the Clearing Corporation for the benefit of and on account of any dues of the Clearing Corporation, other members, Clients of the defaulter Member, approved banks and any other persons as may be approved by the Relevant Authority appointed by the Clearing Corporation.

#### 12.13 Payment to Relevant Authority

12.13.1 All monies, Goods, securities and other assets due, payable or deliverable to the defaulter Member must be paid or delivered to the Relevant Authority appointed by the Clearing Corporation within such time of the declaration of default as such Relevant Authority may direct. A Member violating this provision may be declared a defaulter.

12.13.2 A Member who shall have received a difference on account or shall have received any consideration in any deal prior to the date fixed for settling such account or deal shall, in the event of the Member from whom he received such difference or consideration being declared a defaulter, refund the same to the Relevant Authority for the benefit and on account of the creditor members. Any Member who shall have paid or given such difference or consideration to any other Member prior to such settlement day shall again pay or give the same to the Relevant Authority for the benefit and on account of the creditor Member in the event of the default of such other Member.

12.13.3 A Member who receives from another Member during any clearing a claim note or credit note representing a sum other than difference due to it or due to its Client which amount is to be received by it on behalf and for the account of that Client shall refund such sum if such other Member be declared a defaulter within such number of days as specified by the Relevant Authority after the settlement day. Such refunds shall be made to the Relevant Authority for the benefit and on account of the creditor Members and it shall be applied in liquidation of the claims of such creditor Members whose claims are admitted in accordance with the Rules, Bye Laws, Rules and Regulations.

#### 12.14 Distribution

12.14.1 The Relevant Authority appointed by the Clearing Corporation shall at the risk and cost of the creditor Members pay all assets received in the course of realisation into such bank and/or keep them with Clearing Corporation in such names as the Relevant Authority may from time to time deem appropriate and shall distribute the same as soon as possible pro rata but without interest among creditor Members whose claims are admitted in accordance with the Bye Laws, Rules and Regulations.

#### 12.15 Close Out

12.15.1 Members having open deals with the defaulter Member shall close out such deals after declaration of default. Such closing out shall be in such manner as may be specified by the Clearing Corporation from time to time. Subject to the regulations in this regard specified by the Clearing Corporation, when in the opinion of the Clearing Corporation, circumstances so warrant, such closing out shall be deemed to have taken place in such manner as may be determined by the Clearing Corporation.

12.15.2 Differences arising from the above adjustments of closing out shall be claimed from the defaulter Member or paid to the Relevant Authority appointed by the Clearing Corporation for the benefit of creditor Members.

#### 12.16 Claims against Defaulter

12.16.1 Within such time of the declaration of default as the Clearing Corporation may direct every Member, to compare its accounts with the defaulter Member duly adjusted and made up as provided in the Rules, Bye Laws and Regulations and furnish a statement of such accounts with the defaulter Member in such form or forms as the Clearing Corporation may prescribe or render a certificate that he has no such account.

## 12.17 Delay in Comparison and Submission of Accounts

12.17.1 Any Member failing to compare its accounts and send a statement or certificate relating to a defaulter Member within the time specified shall be called upon to compare its accounts and send such statement or certificate within such further time as may be specified by the Clearing Corporation.

## 12.18 Penalty for failure to Compare or submit accounts

12.18.1 The Clearing Corporation may take such action as it may deem fit including levying of fine and suspension, on any Member who fails to compare its accounts or submit a statement of its account with the defaulter Member or a certificate that it has no such account within the specified time.

## 12.19 Misleading statement

12.19.1 The Clearing Corporation may take such action as it may deem fit including levying of fine and suspension, if it is satisfied that any comparison statement or certificate relating to a defaulter Member sent by a Member was false or misleading.

## 12.20 Accounts of Clearing Corporation

12.20.1 The Clearing Corporation shall keep a separate account in respect of all monies, Goods, securities and other assets payable to a defaulter Member which are received by it and shall defray there from all costs, charges and expenses incurred in or about the collection of such assets or in or about any proceedings it takes in connection with the default.

## 12.21 Application of Assets

12.21.1 The Clearing Corporation shall apply the net assets remaining in its hands after defraying all such costs, charges and expenses as are allowed under its Bye laws, Rules and Regulations to be incurred by the Clearing Corporation, in satisfying the claims in the order of priority provided hereunder:-

- a) Dues to Clearing Corporation: The payment of such subscriptions, debts, fines, fees, charges and other moneys due to the Clearing Corporation.
- b) Dues to other Members and to Clients of the defaulter Member: The payments as may be admitted by the Relevant Authority appointed by the Clearing Corporation, as being due to other members and Clients of the defaulter Member for debts, liabilities, obligations and claims arising out of any contracts made by the defaulter Member subject to and in accordance with the Rules, Bye Laws and Regulations of the Clearing Corporation, provided that if the amount is insufficient then the amounts shall be distributed pro rata amongst other members and all the Clients of the defaulter Member. The Members shall in turn share the amounts so received with their Clients on pro rata basis.
- c) Dues to the Approved Banks, Warehouses and claims of any other persons as approved by the Relevant Authority appointed by the Clearing Corporation: After making payments under Clause (b) above, the amounts remaining, if any, shall be utilised to meet the claims of the approved banks and of any other person as may be admitted by the Relevant Authority approved by the Clearing Corporation. The claims of the approved banks should have arisen by virtue of the Clearing Corporation invoking any bank guarantee issued by the bank concerned to the Clearing Corporation on behalf of the defaulter Member to fulfill its obligation of submitting bank guarantee, guaranteeing discharge of obligations under the Byelaws, Rules and Regulations of the Clearing Corporation. The claims of other persons should have arisen out of or incidental to the transaction/s settled on the Clearing Corporation or requirements laid down by the Clearing Corporation, provided that if the amount available be insufficient to pay all such claims in full, they shall be paid pro rata, and
- d) Dues to any other recognised stock exchange / clearing Corporation: After meeting the claims under (c) above, the remaining amounts, if any shall be disbursed to any other

recognised stock exchange / clearing corporation for the purpose of meeting the obligations of the defaulter as a member of that exchange / clearing corporation. If the defaulter is a member of more than one recognised stock exchange / clearing corporation, then the remaining amounts shall be distributed amongst all such recognized stock exchanges / clearing corporations and if the remaining amount is insufficient to meet the claims of all such stock exchanges / clearing corporations, then the remaining amount shall be distributed pro rata among all such stock exchanges / clearing corporations; and Surplus: Surplus, if any, shall be paid to the defaulter Member.

#### 12.22 Certain claims not to be entertained

12.22.1 The Relevant Authority appointed by the Clearing Corporation shall not entertain any claim against a defaulter Member:

- a) Which arises out of a contract in Goods and Securities, dealings in which are not permitted or which are not made subject to and in accordance with Bye Laws, Rules and Regulations of the Clearing Corporation or in which the claimant has either not paid himself or colluded with the defaulter Member in evasion of margin payable on Deals in any Goods and Securities;
- b) Which arises out of a contract in respect of which comparison of accounts has not been made in the manner specified in the Bye Laws, Rules and Regulations of the Clearing Corporation or when there has been no comparison if a contract note in respect of such deals has not been rendered as provided in the Bye Laws, Rules and Regulations of the Clearing Corporation;
- c) Which arises from any arrangement for settlement of claims in lieu of bonafide money payment in full on the day when such claims become due;
- d) Which is in respect of a loan with or without security;
- e) Which is not filed with the Relevant Authority appointed by the Clearing Corporation within such time of date of declaration of default as may be specified by the said Relevant Authority.

#### 12.23 Assignment of claims on Defaulters' estate

12.23.1 A Member being a creditor of a defaulter Member shall not sell, assign or pledge the claim on the estate of such defaulter Member without the consent of the Relevant Authority appointed by the Clearing Corporation.

#### 12.24 Proceedings in the name of Defaulter

12.24.1 The Relevant Authority appointed by the Clearing Corporation shall be empowered to;

- (a) initiate any proceedings in a court of law either in the name of the Clearing Corporation or in the name of the defaulter against any person for the purpose of recovering any amounts due to the defaulter;
- (b) initiate any proceedings in a court of law either in the name of Clearing Corporation or in the name of the creditors (who have become creditors of the defaulter as a result of deals cleared and settled subject to Byelaws, Rules and Regulations of the Clearing Corporation) of the defaulter against the defaulter for the purpose of recovering any amounts due from the defaulter;
- (c) The defaulter as well as the creditors of the defaulter shall be deemed to have appointed the Clearing Corporation as their constituted attorney for the purpose of taking such proceedings.

#### 12.25 Payment of Relevant Authority

12.25.1 If any Member takes any proceedings in a court of law against a defaulter Member whether during the period of its default or subsequent to its re-admission to enforce any claim against the defaulter Member's estate arising out of any admitted deals in the market made subject to and in accordance

with the Bye Laws, Rules and Regulations of the Clearing Corporation before it was declared a defaulter and obtains a decree and recovers any sum of money thereon, it shall pay such amount or any portion thereof as may be fixed by the Relevant Authority appointed by the Clearing Corporation for the benefit and on account of the creditor members having claims against such defaulter Member.

12.25.2 The Relevant Authority for the purpose of this provision of Bye-laws 12 shall be a Committee or an Authority as may be constituted by the Board from time to time.

12.26 Subsequent recovery from the Defaulter Member

12.26.1 Any amount that the Clearing Corporation may later recover from the Defaulter Member shall, to the extent of such recovery, reduce the loss of the Clearing Corporation.

### 13. CORE SETTLEMENT GUARANTEE FUND

13.1 Establishment of Settlement Guarantee Fund

13.1.1 The Clearing Corporation shall, in accordance with the prescriptions of SEBI, establish and maintain a Settlement Guarantee Fund for each Clearing Segment that it operates.

13.2 Corpus of Core SGF

13.2.1 The Settlement Guarantee Fund called Core SGF shall be established by the Clearing Corporation for each Clearing Segment it operates to guarantee the settlement of trades executed in the respective clearing segment of the concerned Exchange.

13.2.2 The Core Settlement Guarantee Fund shall be used by the Clearing Corporation in accordance with SEBI directives issued from time to time.

13.2.3 The Core Settlement Guarantee Fund shall have a minimum corpus which shall be referred to as the Minimum Required Corpus of Core SGF (MRC). In determining the size or extent of the Corpus of the Core Settlement Guarantee Fund the Relevant Authority shall ensure that:

- a. The corpus of the Core Settlement Guarantee Fund shall be adequate to meet all the contingencies arising on account of failure of any Member(s) in meeting its obligations. In the event of a member (member) failing to honour settlement commitments, the Core SGF shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process.
- b. The risk of liability to the fund shall relate to or depend on various factors such as trade volume, delivery percentage, maximum settlement liability of the members, the history of defaults, capital adequacy of the members, the degree of safety measures employed by the Clearing Corporation or the concerned Exchange with reference to a particular clearing segment;
- c. In order to assess the fair quantum of the corpus of Core SGF appropriate consideration shall be made to, among others, the following factors:
  - i. Risk management system in force at the Clearing Corporation in respect of each Clearing Segment;
  - ii. Current and projected volume / turn over to be cleared and settled by the Clearing Corporation on a guarantee basis;
  - iii. Clearing Segment wise track record of defaults of Members (number of defaults, amount in default)

13.2.4 The Minimum Required Corpus of Core SGF (MRC) for each clearing segment shall be computed by the relevant authority separately and shall be subject to the following prescriptions of SEBI and as may be modified by SEBI from time to time;

- a. The MRC shall be fixed for a calendar month.
- b. By 15<sup>th</sup> of every preceding month, the relevant authority shall review and determine the MRC for each Clearing Segment for the next month based on the results of daily stress tests of the preceding month.
- c. The relevant authority shall also review and determine by 15<sup>th</sup> every month, the adequacy or otherwise of contributions made by various contributors and any further contributions to the Core SGF required to be made by various contributors (as per clause 13.2.4) for the next month.
- d. For every day of the preceding month, any uncovered loss numbers shall be estimated by the various stress tests for credit risk conducted by the relevant authority for each clearing segment and highest of such numbers shall be taken as worst case loss number for the day.
- e. Average of all the daily worst case loss numbers determined in (d) above shall be calculated.
- f. The MRC for each succeeding month shall be higher of the average arrived in at step (e) above and the Clearing segment MRC as per previous review.

13.2.5 Contribution to Core SGF:

13.2.5.1 The Relevant Authority shall ensure that at any point of time, the contributions of various contributors to Core SGF of any segment shall be as follows:

- a. Contribution by the Clearing Corporation: The Clearing Corporation's contribution to Core SGF shall be at least 50% of the MRC, which shall be made out of its own funds.
- b. Contribution from the Concerned Exchange: Each of the concerned Exchange shall contribute to the Core SGF at least 25% of the MRC of each clearing segment;
- c. Member primary contribution: where the Relevant Authority determines, it can seek risk based contribution from Members of the relevant clearing segment to the SGF subject to the following conditions:
  - i. that total contribution from Members shall not be more than 25% of the MRC;
  - ii. that no exposure shall be made available to a Member on its contribution to the Core SGF (exposure-free collateral, if any of a Member available with the Clearing Corporation can be considered towards Core SGF contribution of such Member), and
  - iii. That required contributions of individual members shall be pro-rata based on the risk they bring to the system.
  - iv. The relevant authority shall have the flexibility to collect a members primary contribution to the Core Guarantee Fund either upfront or staggered over a period of time. In case of staggered contribution, the remaining balance shall be met by Clearing Corporation to ensure adequacy of total Core SGF corpus at all times. Such contribution by the Clearing Corporation shall be available for withdrawal by the Clearing Corporation as and when further contributions from Members are received.
  - v. The above quantum or limits of contribution to be made by the Clearing Corporation, the Concerned Exchanges and Members may be reviewed by Relevant Authority from

time to time considering the prevailing market conditions and/or prescriptions of SEBI.

- d. Penalties levied and collected by Clearing Corporation (as per Regulation 34 of SECC Regulations) shall be credited to Cored SGF corpus of the concerned Clearing Segment.
- e. Interest on cash contribution to Core SGF shall also accrue to the Core SGF of the concerned Clearing Segment and pro-rata attributed to the contributors in proportion to their cash contribution.
- f. The Clearing Corporation shall ordinarily accept cash collateral for Core SGF contribution. However, it may also accept a Members contribution in the form of Fixed Deposits issued by banks which are approved by the Relevant Authority for such purposes. The Relevant Authority shall be guided by the directions issued from time to time by SEBI in this regard.

### 13.3 Form of contribution/deposit

- 13.3.1 The Clearing Corporation shall permit a Member to contribute or provide the deposit either in the form of cash, or by such other forms as specified by SEBI and subject to such terms and conditions as may be specified from time to time.

### 13.4 Replacement of deposit

- 13.4.1 By giving a suitable notice to the Clearing Corporation and subject to such conditions as may be specified by the Clearing Corporation from time to time, a Member may withdraw qualifying securities from pledge, or may cause the Clearing Corporation to revoke an acceptable letter of credit or bank guarantee, which secured the Member's contribution or deposit towards the Core Settlement Guarantee Fund, provided that the Member has, effective simultaneously with such withdrawal or revocation, deposited cash with, or pledged qualifying securities to the Clearing Corporation or through such other mode as may be approved by the Clearing Corporation from time to time to satisfy the Member's required contribution or deposit.

### 13.5 Management of the Core Settlement Guarantee Funds:

- 13.5.1 The Relevant Authority shall constitute a committee to conduct and manage the utilization of the Settlement Guarantee Fund which shall

- a. Deal with among others the manner of utilizing the funds in the event of the Clearing Corporation declaration a Member as a Defaulter;
- b. Decide on, among others, the manner of utilizing the funds in the event of a delay or temporary failure of one or more Members to discharge their respective obligations and liabilities under each Clearing Segment.

- 13.5.2 The Relevant Authority shall follow prudential norms of Investment policy for Core SGF corpus and establish and implement policies and procedures to ensure that Core SGF corpus is invested in highly liquid financial instruments with minimal market and credit risk and is capable of being liquidated rapidly with minimal adverse price effect. The Relevant Authority shall also be guided by the investment norms that SEBI may prescribe in this regard from time to time.

### 13.6 Further contribution to / Recoupment of Core SGF

- 13.6.1 The requisite contributions to the Core SGF by various contributors (as per clause 13.2.4) under each Clearing Segment for any month shall be made by the contributors before start of the month.

- 13.6.2 In the event of usage of Core SGF of a particular Segment during a calendar month, it becomes incumbent upon the respective contributors to, as per usage of their individual contribution, immediately replenish the Core SGF to the MRC.
- 13.6.3 In case of failure on the part of one or more contributor(s) to replenish its (their) contribution, such contributions shall be immediately met, on a temporary basis during the month, in the following order:
- (i) By Clearing Corporation
  - (ii) By the Concerned Exchange
- 13.6.4 The Relevant Authority shall place before the Risk Management Committee and the Governing Board of the Clearing Corporation a summary of the affairs of the Settlement Guarantee Fund for a particular month with particular reference or focus on the utilisation and the corpus of the Fund, shortfall if any and the manner of replenishing the required corpus from the Contributors. An execution reporting shall be made to SEBI detailing the outcome of the review by the Governing Board of the Clearing Corporation, especially on matters taken to enhance the Core SGF.

### 13.7 Default waterfall

- 13.7.1 The recouping of the corpus of the Clearing Corporation in the event of an emerging shortfall situation in respect of the MRC of a particular Clearing Segment, which is also termed as default waterfall of the clearing Corporation shall, as per the current directions of SEBI, generally follow the following order;
- a. Monies of defaulting Member (including defaulting Member's) primary contribution to Core SGF(s) and excess monies of defaulter in other segment).
  - b. Proceeds of insurance policies, if any.
  - c. Resources of the Clearing Corporation (equal to 5% of the segment MRC).
  - d. Core SGF of the Clearing Segment in the following order:
    - i. Penalties
    - ii. Contributions of the Clearing Corporation to the extent of at least 25% of the particular Clearing Segment MRC.
    - iii. Remaining Core SGF; CC contribution, Concerned Exchange contribution and non-defaulting Members' primary contribution to Core SGF on pro-rata basis.
  - e. Proportion of remaining Clearing Corporation resources (excluding its contribution to core SGFs of other Clearing Segments and Rs.100 Core) equal to ratio of Clearing Segment MRC to the MRCs of all the Clearing Segments managed by the Clearing Corporation.

NOTE: SEBI has mandated that the said Rs.100 Crore is to be excluded only when remaining Clearing Corporation resources, excluding the contribution of the Clearing Corporation to the core SGFs of other Clearing segments, are more than Rs.100 Core.

- f. Clearing Corporation's/Concerned Exchange's contribution to Core SGFs of other Clearing Segments (after meeting obligations of those Clearing Segments) and remaining available resources of the Clearing Corporation to that extent as approved by SEBI.



- g. The capped additional contribution by non-defaulting Members of the particular Clearing Segment.

NOTE: SEBI has mandated that the Clearing Corporation shall limit the liability of non-defaulting Members towards the additional contribution requirements to a multiple of their required primary contribution to the Core SGF and the framework regarding the same, as may be decided by the Relevant Authority, be disclosed. Any shortfall in recovery of assessed amounts from on-defaulting

Members, shall be allocated to layer 'f' above with the approval of SEBI.

- h. Any remaining shortfall or loss shall be covered by way of pro-rata haircut to payouts

NOTE: In case loss allocation is effected through haircut to payouts, any subsequent usage of funds by the Clearing Corporation in respect of a particular Clearing Segment shall be with prior approval of SEBI. Further, any exit by Clearing Corporation post exhausting this layer shall be as per the terms as may be decided by SEBI in public interest.

### 13.8 Administration of the Settlement Guarantee Fund

13.8.1 The Core Settlement Guarantee Fund shall be utilised for such purposes as may be provided in the Bye Laws, Rules and Regulations of the Clearing Corporation and subject to such conditions as the Clearing Corporation may prescribe from time to time which shall include:

- To defray the expenses of creation, maintenance and repayment of the Core Settlement Guarantee Fund;
- Investment in such approved securities and other avenues subject to such terms and conditions as may be decided by the Clearing Corporation from time to time;
- Payment of premium for any insurance or for creating a default reserve fund through the mode and manner specified by SEBI or the Clearing Corporation from time to time;
- The application of Core Settlement Guarantee Fund to meet shortfalls and deficiencies arising out of the Clearing and Settlement of such deals as provided in these Bye Laws, Rules and Regulations.
- The application of the Core Settlement Guarantee Fund to satisfy any loss or liability of the Clearing Corporation arising out of Clearing and Settlement operations of such deals as provided in these Bye Laws, Rules and Regulations.
- Repayment of the balance after meeting all obligations under these Bye Laws, Rules and Regulations to the Member when he ceases to be a member pursuant to the provisions regarding the repayment of deposit;
- Any other purpose as may be specified by the Clearing Corporation from time to time.

13.8.2 Save as otherwise expressly provided in these Bye Laws, Rules and Regulations, the Core Settlement Guarantee Fund shall not be utilised for any other purpose. The Clearing Corporation shall have full power and authority to pledge, re-pledge, hypothecate, transfer, create a security interest in, or assign any or all of the

- Core Settlement Guarantee Fund cash,
- securities or other instruments in which Core Settlement Guarantee Fund cash is invested and
- qualifying securities pledged by a Member or letters of credit or any other instrument issued on behalf of a Member in favour of the Clearing Corporation towards deposit to the Core Settlement Guarantee Fund.

### 13.9 Obligation to bring in additional contribution or deposit

13.9.1 If a pro-rata charge is made as mentioned in the above provision against a Member's actual contribution or deposit, and as a consequence the Member's remaining contribution and deposit towards the Core Settlement Guarantee Fund is less than his required contribution and deposit, the Member shall contribute or deposit in the Core Settlement Guarantee Fund, the deficient amount within such time as the Clearing Corporation shall require.

13.9.2 If the Member shall fail to do so, the Clearing Corporation may charge such interest, impose penalties and fines and take such disciplinary action against the Member as it may determine from time to time. Any disciplinary action which the Clearing Corporation takes pursuant to the above provisions or involuntary cessation of membership by the Member shall not affect the obligations of the Member to the Clearing Corporation or any remedy to which the Clearing Corporation may be entitled under applicable law.

### 13.10 Allocation of the contribution or deposit

13.10.1 The allocation of each Member's contribution and deposit towards Core Settlement Guarantee Fund to meet the losses or liabilities of the Clearing Corporation incidental to the operation of that Member may be decided by the Clearing Corporation at its discretion.

### 13.11 Cessation of the Member

13.11.1 A Member shall be entitled to the repayment of deposit made by him to the Core Settlement Guarantee Fund after :

- a) the Member ceases to be a Member, and
- b) all pending deals at the time the Member ceases to be a Member which could result in a charge to the Core Settlement Guarantee Fund have been closed and settled, and
- c) all obligations to the Clearing Corporation for which the Member was responsible while he was a Member have been satisfied or, at the discretion of the Clearing Corporation, have been deducted by the Clearing Corporation from the Member's actual deposit; provided, however, that the Member has presented to the Clearing Corporation such indemnities or guarantees as the Clearing Corporation deems satisfactory or another Member has been substituted on all deals and obligations of the outgoing Member, and
- d) a suitable amount as may be determined by the Clearing Corporation at its discretion has been set aside for taking care of any loss arising from any document defects that may be reported in the future, and
- e) a suitable amount as may be determined by the Clearing Corporation at its discretion towards such other obligations as may be perceived by the Clearing Corporation to exist or may be perceived to arise in future.

13.11.2 The Clearing Corporation may specify rules for the repayment of deposit including the manner, amount and period within which it will be paid but at no point of time will the repayment exceed the actual deposit available to the credit of the Member after deducting the necessary charges from the same.

13.11.3 Any obligation of a Member to the Clearing Corporation unsatisfied at the time he ceases to be a member shall not be affected by such cessation of membership.

### 13.12 Recovery of loss and re-distribution

13.12.1 If a loss charged pro rata is afterward recovered by the Clearing Corporation, in whole or in part, through insurance or otherwise, the net amount of the recovery shall be credited to the Members against whom the loss was charged in proportion to the amounts actually charged against them.

13.13 Stress testing and back testing

13.13.1 The Clearing Corporation shall conduct stress tests for credit risk, liquidity stress test, reverse stress test, back testing for adequacy of margins and such other tests as may be appropriate in accordance with the norms prescribed by SEBI from time to time.

## 14 SEVERABILITY

14.1 In the event of any provision of these Bye-Laws being rendered void or unenforceable by reason of any statutory amendment, re-enactment, notification or judicial decision or pronouncement by any competent court, tribunal, regulatory authority or SEBI, such provision shall to the extent required, be severed and rendered ineffective without in any way affecting the validity or enforceability of the rest of the provisions of these Bye-Laws which shall continue to apply with full force and effect, provided further that the action already taken earlier under such provision(s) shall remain unaffected.

## 15 MISCELLANEOUS

15.1 Save as otherwise specifically provided in the Bye Laws and Regulations specified by the Clearing Corporation, applicable SEBI directives regarding clearing and settlement arrangement, in promoting, facilitating, assisting, regulating, managing and operating the Clearing Corporation should not be deemed to have incurred any liability, and accordingly no claim or recourse in respect of or in relation to any dealing in securities and Goods or any matter connected therewith shall lie against the Clearing Corporation or any authorized person(s) acting for the Clearing Corporation.

15.2 No claim, suit, prosecution or other legal proceeding shall lie against the Clearing Corporation or any authorized person(s) or any Authorised user acting for or on behalf of the Clearing Corporation in respect of anything which is in good faith done or intended to be done in pursuance of any order or other binding directive issued to the Clearing Corporation under any law or delegated legislation for the time being in force.

**Laxmikant Gupta**  
**Director**

Subject to SEBI's (Securities and Exchange Board of India) approval, it is proposed to make the following Rules for **NATIONAL COMMODITY CLEARING LIMITED**. The proposed Rules are published for information/public comments/criticism. Any person having any comments/observations on the proposed Rules may send the same in writing to the undersigned National Commodity Clearing Limited, 1<sup>st</sup> Floor, Akruti Corporate Park, Near GE Gardens, LBS Road, Kanjurmarg (W) Mumbai – 400078 or through email to gazette@ncdex.com within fifteen days from the date of this publication. The comments/observations received after the fifteenth day will not be considered and the draft will be taken into consideration immediately after the expiry of fifteen days.

## **RULES OF NATIONAL COMMODITY CLEARING LIMITED**

The National Commodity Clearing Limited has submitted an application for recognition as a Clearing Corporation under Section 8A of Securities Contracts (Regulation) Act, 1956 and pursuant thereto makes the following Bye Laws:

### **1. PREAMBLE**

- 1.1 These Rules shall be known as "The Rules of National Commodity Clearing Limited" and shall herein after be referred to as the "Rules" or the "Rules of the Clearing Corporation."
- 1.2 These Rules shall come into force with effect from such date as the Securities and Exchange Board of India (hereinafter referred to as "SEBI") established under Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act") or the Board of National Commodity Clearing Ltd, (hereinafter referred to as "the Clearing Corporation") may notify in that behalf.

#### **1.3 Other Laws Applicable**

These Rules shall be in addition and subject to the provisions of the Securities Contracts (Regulation) Act, 1956, (hereinafter referred to as "the SCRA") as may be amended from time to time and Rules and Regulations made thereunder and SEBI Act and Rules and Regulations made thereunder and the directives, orders, guidelines, norms, notices and circulars issued by the Government of India and/or SEBI from time to time.

### **2. DEFINITIONS AND INTERPRETATION**

#### **2.1 DEFINITIONS**

- 2.1.1 “Arbitration” shall have same meaning as assigned to it under Section 2(1) (a) of the Arbitration and Conciliation Act, 1996 and amendments thereto from time to time.
- 2.1.2 “Board” means the Board of Directors of National Commodity Clearing Limited.
- 2.1.3 “Bye Laws” unless the context indicates otherwise, Bye Laws means the Bye Laws of the Clearing Corporation for the time being in force.
- 2.1.4 "Circular or Notice" means informational notifications or a binding communication issued from time to time by the Clearing Corporation to its Member(s) and the Market in general and transmitted by fax, e-mail or any other mode and manner which the Clearing Corporation may deem appropriate, including publication through the website and titled "Circular" or "Notice" accordingly.
- 2.1.5 “Clearing” means and includes the process of determining rights and obligations towards settling claims of one Member against the claims of another for Deals settled by the Clearing Corporation by such processes and manner as the Relevant Authority may specify.
- 2.1.6 “Clearing Agreement” means a binding agreement entered into or between a Member and its Constituent to handle and carry out all the Clearing and Settlement functions relating to Deals executed by such Constituent.
- 2.1.7 "Clearing and Settlement" means clearing or settlement or clearing and settlement of deals in such manner and subject to such conditions as may be specified by the Relevant Authority from time to time, unless the context indicates otherwise.
- 2.1.8 “Clearing Corporation” means National Commodity Clearing Limited and its successors and assigns, if any, set up and empowered suitably to act as a facilitator for processing of deliveries and payments between its Members.
- 2.1.9 “Clearing Bank” is such bank as the Clearing Corporation may appoint to act as a funds settling agency, for the collection of margin money for all deals cleared through the Clearing Corporation and any other funds movement between members and the Clearing Corporation, and also between members as may be directed by the Clearing Corporation from time to time.
- 2.1.10 "Member" means a person who has been admitted as such by the Clearing Corporation and has been granted Clearing and Settlement rights on the Clearing Corporation but does not denote the shareholders of the Clearing Corporation.
- 2.1.11 “Clearing Segment” means and includes the different categories of Securities, within a Market Segment type, that the Concerned Exchanges may make available to their respective Trading Members for dealing on their trading platforms and has been agreed to by the Clearing Corporation for being admitted to its Clearing and Settlement mechanisms in terms of the Bye-Laws and categorized appropriately.

- 2.1.12 “Client /Constituent” means a person, on whose instructions and on whose account the Member clears and settles Deals.  
Explanation 1: The terms ‘Constituent’ and ‘Client’ are interchangeable and shall have the same meaning as assigned herein.  
Explanation 2: Where the context requires, the term “Constituent’ in relation to trades shall also include a Trading Member where such trades including proprietary trades, done on the Concerned Exchange, are cleared and settled on his behalf by a Member.
- 2.1.13 “Close-out” means the cancellation of an outstanding open position of a member with an equal and opposite position.
- 2.1.14 “Committee” means a group or body of persons appointed by the Board or the Relevant Authority to undertake tasks or responsibilities specified by the Board and/or mandated under these Bye-Laws.
- 2.1.15 “Concerned Exchange” means any Stock Exchange duly recognized under SCRA which has entered into an arrangement with the Clearing Corporation for carrying out all operational procedures and regulatory functions in the matter of Clearing and Settlement of the Deals executed on its trading platform between its Trading members so as to complete the fulfillment of the funds pay-in, Securities delivery and the related pay-out obligation concerning such Deals.
- 2.1.16 “Contract” shall have same meaning as assigned to it under Section 2(a) of SCRA.1956.
- 2.1.17 “Custodian” means a Custodian as defined under Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996.
- 2.1.18 "Deal" means, unless the context indicates otherwise, a trade, contract, transaction or a deal which is admitted to be cleared and settled through the Clearing Corporation.
- 2.1.19 “Defaulter” means a Member who has been declared a Defaulter in accordance with the Bye-Laws and the Rules of the Clearing Corporation.
- 2.1.20 “Delivery” means the tender and receipt of securities/ goods/ warehouse receipt /or any other documents of title to securities/ goods by issue of delivery order in settlement of a Contract as may be specified by the Clearing Corporation.
- 2.1.21 “Depository” shall have same meaning as assigned to it under Section 2(1)(e) of Depositories Act, 1996.
- 2.1.22 “Exchange” means a stock exchange which is for the time being recognized by the Central Government under Section 4 of SCRA.

- 2.1.23 "Exchange Member or Trading Member" means an entity admitted as to the Membership of the Concerned Exchange for trading of Securities or contracts that are permitted to be dealt on the Exchange and shall not mean and include a shareholder of the said Stock Exchange Company unless expressly stated. Membership of the Exchange in this context shall not mean or require or entitle shareholding in the Stock Exchange Company.
- 2.1.24 "Exchange Rules or Rules of the Exchange" means the Rules of the Concerned Exchange by whatever name it may be titled which are in force and as may be amended from time to time and include the Bye-Laws and Regulations/ Business Rules of such Exchange.
- 2.1.25 "Margin" means a deposit or payment of Collateral(s) to establish or maintain a position in a Security and includes among others initial Margin, Additional Margin, Variation Margin, Tender Period Margin, Special Margin, Delivery Margin, Extreme loss Margin or any other type of Margin as may be applicable and determined by Exchange and/or the Clearing Corporation from time to time.
- 2.1.26 "Regulations" means Regulations of the Clearing Corporation for the time being in force and includes Rules, Code of Conduct and such other procedures and regulations, circulars, directives and orders as issued by the Relevant Authority from time to time for the operations of the Clearing Corporation.
- 2.1.27 "Relevant Authority" means the Board, or such other authority as specified by the Board from time to time as relevant for a specified purpose.
- 2.1.28 "Rules" unless the context indicates otherwise, means the Rules of the Clearing Corporation, as amended from time to time.
- 2.1.29 "Core Settlement Guarantee Fund" means a fund established and maintained by the Clearing Corporation in accordance with these Bye-Laws.
- 2.1.30 "SCRA" means Securities Contracts (Regulation) Act, 1956 and amendments thereto
- 2.1.31 "SCRR" means Securities Contracts (Regulation) Rules, 1957 and amendments thereto.
- 2.1.32 "SEBI" means Securities and Exchange Board of India constituted under SEBI Act, 1992.
- 2.1.33 "SEBI Act" means the Securities and Exchange Board of India Act, 1992 and amendments thereto.
- 2.1.34 "Stock Broker Regulations" means SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and amendments thereto.
- 2.1.35 "SECC Regulations" means Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and amendments thereto.

- 2.1.36 “Securities Laws” means the SEBI Act, 1992; SCRA, 1956; Depositories Act, 1996 and any rules, regulations, circulars, guidelines, or directions issued thereunder.
- 2.1.37 “Security or Securities” shall have same meaning as assigned to it under SCRA.
- 2.1.38 “Transactions or Deal or Trading and to Trade” and such similar expressions for the purposes of these Rules shall mean Deals as defined in the Bye-Laws and also refer to Securities transactions that are to be cleared and settled through the Clearing Corporation.
- 2.1.39 “Warehouse” shall have same meaning as defined under Section 2 (s) of the Warehousing (Development and Regulation) Act, 2007 as amended from time to time.
- 2.1.40 “Warehouse Receipt” means a “Warehouse Receipt” as defined under Section 2 (u) of the Warehousing (Development and Regulation) Act, 2007 as amended from time to time.
- 2.1.41 “Warehouse Service Provider (WSP)” means an agency approved and accredited by the Clearing Corporation for the storage and preservation of any Underlying/ goods.

## 2.2 INTERPRETATION

2.2.1 Unless the contrary intention is provided for:

- (a) a reference to any gender includes the other.
- (b) words in these Rules in the singular include the plural and words in the plural include the singular.
- (c) a reference to a ‘time’ is reference to a time as in India unless specified otherwise.
- (d) where a reference is made in these Rules to any provisions of SCRA or SCRR or the SEBI Act or any other provisions in Law or statute, it is a reference to the said provisions as amended from time to time.
- (e) where a reference is made in these Rules to a statutory provision, it refers to the laws of India.
- (f) a reference to any legislation or law or to any provision thereof shall include reference to any such law as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted and any reference to any enactment shall include any subordinate legislation made thereunder from time to time.

2.2.2 Headings are for convenience only and shall not affect the interpretation of these Rules.

2.2.3 Subject to these Rules, the decision of the Clearing Corporation shall be final in relation to the interpretation of these Rules against a Member, any of its affiliated clients (who are Members of the Concerned Exchanges), Clearing Banks, Warehousing entities, Warehouse Service Providers, repository, depositories, Clearing Banks, Warehousing entities, Warehouse Service Providers, Repositories, vaults or any third party involved in rendering relevant services and the Concerned Exchanges.



- 2.2.4 In these Rules, reference to knowledge of a Member shall include reference to the knowledge of a Director, Controller, shareholder, officer, employee or representative or agent or that Member or entity or agency referred to above as the case may be.
- 2.2.5 The words and terms defined above shall mean the same when used in lower case in these Rules, unless the context indicates otherwise.
- 2.2.6 Words and expressions used in these Rules but not defined herein shall have the same meaning assigned to them under the relevant Acts and Rules or Regulations made thereunder as the case may be.
- 2.2.7 These Rules shall be interpreted in a harmonious manner with a view to complying with the requirements of the Relevant Acts and Rules & Regulations made thereunder, to effectuate the purposes and businesses of the Clearing Corporation and to ensure that all practices in connection with the business of the Clearing Corporation as well as the functions of Clearing and Settlement process of Deals executed on the Concerned Exchanges are conducted in a fair, just, reasonable manner in order to maintain the integrity of the markets, protect the investors trading on the Concerned Exchanges, the Members of the Clearing Corporation as well as the Concerned Exchange on whose behalf the Clearing and Settlement functions are being carried out.

### 3. APPLICABILITY OF RULES

- 3.1 These Rules shall govern the Clearing, Settlement of Deal/Contract and delivery of the Securities traded on the Concerned Exchanges(s) that mandate the Clearing Corporation to extend its Clearing and Settlement infrastructure and facilities for clearing and settlement of the Deal/ Contracts that are executed on the trading platform of such exchanges.
- 3.2 These Rules shall also apply to all types of Market Segments of the Concerned Exchanges(s) unless the context requires otherwise or unless otherwise specified by the Concerned Exchanges or the Clearing Corporation from time to time.
- 3.3 These Rules shall also apply to;
- (a) all Members of the Clearing Corporation and their Authorised Users where applicable;
  - (b) the Members of the Clearing Corporation inter-se;
  - (c) the Trading Members of the Concerned Exchange/s who arrange to get themselves affiliated to the Member of the Clearing Corporation where such exchange has entered into a binding arrangement with the Clearing Corporation to Clear and Settle the Deals that are executed by such Trading Members on the trading platform of such exchange;
  - (d) the Concerned Exchanges that enter into a binding arrangement or agreement with the Clearing Corporation for facilitating the Clearing and Settlement functions along with all associated and

related functions in relation with the Deals / Contracts executed on the trading platform of such exchanges;

- (e) such other person or entities including among others one or more Warehouse Service Providers, warehousing entities, repositories, depositories and/or secured vaults, Clearing Bail Custodians and such other agencies who render appropriate services of the Clearing Corporation and fulfillment of the settlement of the Deals executed on the trading platform of the Concerned Exchanges by its members; and
- (f) any other entity or agency as the Relevant Authority may specify or notify from time to time.

3.4 These Rules shall be subject to the provisions of the Securities Laws.

3.5 Unless specifically exempted, these Rules shall apply to all or any of the clearing segments that are operative on or handled by the Clearing Corporation and as may be specified by the Clearing Corporation from time to time.

3.6 Unless otherwise provided under these Rules, a third party has no rights to enforce any provisions of these Bye-Laws or any Regulations framed thereunder.

#### **4. BOARD**

4.1 Subject to the provisions of the Securities Laws and in accordance with the provisions contained in the Articles and Memorandum of Association of the National Commodity Clearing Ltd, the Board of Directors shall have:

4.1.1 Complete and absolute jurisdiction over all matters of the Clearing Corporation and all Members and shall have supervisory jurisdiction over any and all subjects and matters referred to any Committee or employee(s) of the Clearing Corporation and may direct and control their actions or proceedings at any stage thereof.

4.1.2 Absolute power and right to interpret, the Rules, Bye-Laws and Regulations of the Clearing Corporation and to decide all points, questions and disputes relating to the Clearing Corporation matters and relating to the administration, functions, working and affairs of the Clearing Corporation and relating to the conduct of its Members.

4.1.3 Any interpretation made or decision taken by the Board shall be final and conclusive and binding on the parties concerned without prejudice to the powers of the Board to review, revise, rescind or clarify the same.

4.2 Notwithstanding the provisions of Rule 4.1 above,

4.2.1 The Board may organise, maintain, control, manage, regulate and facilitate the operations of the Clearing Corporation, subject to the provisions of the Securities Laws, and any directives issued thereunder as may be prescribed from time to time.

- 4.2.2 The Board is empowered to make Bye Laws, Rules and regulations from time to time, for all or any matters relating to the conduct of business of the Clearing Corporation and to control, define and regulate all such transactions and dealings and to do such acts and things which are necessary for the purposes of the Clearing Corporation.
- 4.2.3 Control, define and regulate all such transactions and dealings and to do such acts and things which are necessary for the purposes of the different Clearing Segments of the Clearing Corporation.
- 4.3 Without prejudice to the generality of the foregoing, the Board is empowered to make Regulations, subject to the provisions of the Securities Laws, for all or any of the following matters:
- (a) Conduct of business of the Clearing Corporation;
  - (b) Appointment and dissolution of Committee or Committees for any purpose of the Clearing Corporation;
  - (c) manner of operations and interfacing with exchanges, custodians, depositories, repositories and clearing bank(s);
  - (d) determine, different categories of Members that may be admitted to the Membership of the Clearing Corporation
  - (e) norms, procedures, terms and conditions for admission to membership of the Clearing Corporation;
  - (f) conditions, levy for admission or subscription for admission or continuance of Membership of the Clearing Corporation;
  - (g) conduct of Members with regard to the business of the Clearing Corporation;
  - (h) prescription, from time to time, of capital adequacy and other norms which shall be required to be maintained by different categories of Members;
  - (i) charges payable by Members for business transacted through the Clearing Corporation as may be laid down from time to time;
  - (j) maintenance of records and books of accounts by Members as may be specified from time to time;
  - (k) investigation of the financial condition, business conduct and dealings of the Members;
  - (l) prescription from time to time, and administration of penalties, fines and other consequences, including suspension/ expulsion of Members from the Clearing Corporation for violation of any requirements of the Rules, Bye Laws and Regulations and the codes of conduct;
  - (m) disciplinary action / procedures against any Member;
  - (n) penalties for non-compliance with or contravention of the Bye Laws, Rules and Regulations or of general discipline of the Clearing Corporation, including expulsion or suspension of the Members;
  - (o) declaration of any Member as a defaulter or suspension or resignation or expulsion from Membership and consequences thereof;
  - (p) norms relating to surrender, resignation or withdrawal from the Membership from one or more of the Clearing Segments or of the Clearing Corporation itself and norms for re-admission of a Member;
  - (q) norms relating to restrictions that may be required to be placed on the Clearing and Settlement activities of a Member and those relating for withdrawing such restrictions so placed.

- (r) norms for accreditation of Warehouses and Warehousing Service Providers (WSPs) relating to financial status, governance of the WSPs, physical facilities and infrastructure at the sites, existence of internal audit and supervision of its activities, insurance cover that is available to the WSP;
  - (s) norms for appointment of Clearing banks including among others the financial condition relating to the safety of funds, branch network and reach, and existence of appropriate infrastructure for swift and smooth transmission of funds;
  - (t) norms and procedures in respect of, and incidental or consequential to, closing. out of contracts/deals;
  - (u) norms for Settlement of disputes, complaints, claims arising between Members inter-se or between Members and clients arising out of or relating to any transactions in securities including settlement by conciliation or arbitration and norms and procedures thereof including implementation of arbitration awards;
  - (v) such other matters in relation to the Clearing Corporation as may be specified under the provisions of the Articles of Association, Bye Laws or these Rules or as may be necessary or expedient for the organisation, maintenance, control, management, regulation and facilitation of the operations of the Clearing Corporation.
- 4.4 The Board is empowered to delegate, from time to time, to any Committee(s) or to the Managing Director/CEO of the Clearing Corporation or to any Senior Executive of the Clearing Corporation or any other person as it may deem fit, such of the powers vested in it and upon such terms as it may think fit, to manage all or any of the affairs of the Clearing Corporation and from time to time, to revoke, withdraw, alter or vary all or any of such powers.
- 4.5 The Board may, from time to time, constitute one or more committees comprising of members of the Board or such others as the Board may in its discretion deem fit or necessary and delegate to such committees such powers as the Board may deem fit and the Board may from time to time revoke such delegation.
- 4.6 The Board shall have the authority to issue directives from time to time to the Committees or any other person or persons to whom any powers have been delegated by the Board. Such directives issued in exercise of this power, which may be of policy nature or may include directives to dispose off a particular matter or issue, shall be binding on the concerned Committee(s) or person(s).
- 4.7 Subject to the prior approval of SEBI under the provisions of the Securities Laws, the Board is empowered to vary, amend, repeal or add to Bye Laws and Rules framed by it.
- 4.8 The Board is authorised to vary, amend, repeal or add to Regulations framed by it. Such changes shall be intimated to SEBI.
- 4.9 The members of the Board and of such committees as may be appointed to hold such office, shall adhere to the Code of Conduct as may be prescribed by the SEBI or the Board from time to time.

- 4.10 Notwithstanding anything contained in the Rules, Bye Laws, Regulations or any circular, in the event of any conflict or ambiguity on any matter, the decision of Board shall supersede and the Board shall have final say on all matters including but not limited to the matters concerning functioning, regulation, business, membership, and day to day management of the Clearing Corporation. Board may delegate and instruct any authority or committee to exercise such powers and functions as it may deem fit irrespective of such powers and functions being vested in any other authority or committee or sub-committee under Rules, Bye Laws, Regulations or any directions and any such delegation of power and functions by the Board shall supersede in the event of any conflict or ambiguity.

## **5. CHIEF EXECUTIVE**

- 5.1 The Managing Director/ Chief Executive Officer (CEO) of the Clearing Corporation shall be the Chief Executive of the Clearing Corporation and shall be the Relevant Authority for day-to-day management and affairs of the Clearing Corporation including but not limited to clearing and settlement of deals.
- 5.2 The Managing Director/CEO shall represent the Clearing Corporation officially in all public matters.
- 5.3 Without prejudice the generality of above provisions, the Managing Director/CEO shall perform such function and shall exercise such powers as may be delegated to him by the Board.
- 5.4 The Managing Director/CEO shall function in accordance with the directions of Board from time to time on matters as the Board may deem fit.
- 5.5 The Managing Director/CEO may delegate any of his powers and functions from time to time to any person, committee of persons or subcommittee of persons who may be referred to as Relevant Authority for exercise of such delegated power/s and function/s.
- 5.6 The Managing Director/CEO may revoke, modify, substitute or alter at any time, any power or function delegated by him to any person, committee or sub-committee.

## **6. COMMITTEES**

### **6.1 CONSTITUTION:**

- 6.1.1 One or more Committee(s) may be appointed by the Board for the purposes of managing the day to day affairs of the different Clearing Segments or Sub-segments of the Clearing Corporation or to advise the Management of the Clearing Corporation on such matters as the Management of the Clearing Corporation may so request.
- 6.1.2 The Board may decide on the constitution, duration and powers of the Committee(s), nomination and vacation of the nominees from the Committee(s) and appointment of office bearers and norms and procedures for the functioning of the Committee(s).

## 6.2 NOMINATION OF MEMBERS OF THE COMMITTEES:

6.2.1 Each Committee so constituted may, unless otherwise specified to the contrary by SEBI, include one or more of the following category of persons:

- a. the Managing Director/CEO and/or one or more of the employees of the Concerned Exchange;
- b. one or more members of the Board of Directors of the Clearing Corporation;
- c. persons of eminence in the field of finance, accounting, law, capital markets, risk management, information technology, telecommunications or other discipline like experts or specialists in specific Goods or Securities and
- d. any other person that the Relevant Authority may deem appropriate.

6.2.2 No Member of the Clearing Corporation or the Exchange shall be inducted into any of the Committees so constituted, unless specifically approved by SEBI.

6.2.3 A Committee so constituted may constitute amongst its own Members, one or more sub-Committees, subject to the terms and conditions of its own constitution, for such purposes as it may deem fit. The constitution, powers and responsibilities of such sub-committee(s) may be determined by the Committee which constitutes such sub-committee(s).

6.2.4 The Managing Director/CEO may also constitute a Committee or Committees as he or it may deem fit in the manner laid down under Rule 5.

6.2.5 The Board of Directors shall constitute such Committees as may be prescribed/ required by SEBI, from time to time. All such Committees shall function/ operate in such manner to be in accordance with these provisions to the extent that such provisions are not contrary to those specified by SEBI/ Clearing Corporation from time to time.

## 6.3 TENURE OF MEMBERS OF COMMITTEE

6.3.1 The tenure of the members of a Committee shall be for a period as may be specified in case of each Committee, by the Relevant Authority and in case of each sub-committee, by the Committee constituting such sub-committees.

## 6.4 DISQUALIFICATION OF A MEMBER

6.4.1 No person shall be eligible to be appointed as a member of a Committee or shall be entitled to continue as such, if such Member suffers any disqualification for being a member as specified in these Rules, Regulations & Bye-Laws or the Articles of Association of the Clearing Corporation or as specified by the Board or SEBI and such a member shall, ipso facto, vacate the office, if he suffers any such disqualification.

## 6.5 CHAIRMAN OF THE COMMITTEE

6.5.1 The members of the Committee may elect a Chairman from amongst themselves.

## 6.6 COMMITTEE MEETINGS AND PROCEEDINGS

- 6.6.1 A Committee may meet at such intervals as it may decide, adjourn and otherwise regulate its meetings and proceedings as it thinks fit.
- 6.6.2 A Committee may meet and adjourn as it thinks proper.
- 6.6.3 Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present. In case of an equality of votes of members present, the Chairman of the Committee shall have a second or casting vote in addition to his vote as a member of the Committee.
- 6.6.4 At all meetings of the Committee, the Chairman of the Committee shall ordinarily preside and in his absence, the members of the Committee present may choose one from among themselves to be the Chairman of such meeting in accordance with the manner prescribed, if any, by SEBI/Clearing Corporation. Any member of the Committee shall disclose the interest in the business, if any, before the meeting and shall abstain from discussions, voting and decisions on the said matter, if the Chairman is having such interest, he shall abstain from chairing the meeting.
- 6.6.5 Non-attendance or voting by proxy shall be allowed in a Committee meeting in respect of any matter.
- 6.6.6 The Committee at its meeting at which a quorum is present, shall be competent to exercise all or any of the powers and discharge functions vested in or exercisable by such Committee.

## 6.7 QUORUM FOR COMMITTEE MEETINGS

- 6.7.1 The quorum for every Committee meeting shall be one-third of the total strength of each Committee or two (2), whichever is higher.

## 6.8 POWERS OF COMMITTEE(S)

- 6.8.1 The Board may delegate from time to time to the Committee(s) such of the powers vested in it and upon such terms as it may think fit, to manage all or any of the affairs of the Clearing Segments of the Clearing Corporation and from time to time, to revoke, withdraw, alter or vary all or any of such powers.
- 6.8.2 The Committee(s) shall be bound and obliged to carry out and implement any directives issued by the Board from time to time and shall be bound to comply with all conditions of delegation and limitations on the powers of the Committee(s) as may be specified.

## 7. POWERS OF THE RELEVANT AUTHORITY

- 7.1 Without prejudice to the generality of the foregoing powers of the Committee and to any power or authority impliedly and expressly conferred by any Rules, Bye-Laws and Regulations for the time being in force, the Relevant Authority shall have the following duties and powers in accordance with the policy laid down by the Clearing Corporation from time to time:

- 7.1.1 Implementing the decisions or policies specified by the Clearing Corporation on all matters relating to market regulation and compliance of the measures taken concerning the following

matters and levy of penalties for non-compliance, excluding the specific areas assigned to any Committee by the Relevant Authority:

- (a) disciplining a Member in all aspects of his dealing and settlement on the Clearing Corporation and in relation to any or all of its business transactions in securities,
  - (b) Settlement of all transactions in Securities entered by a Member with its clients,
  - (c) imposition of various types of margins including special margins,
  - (d) withdrawal or restriction of the clearing facility of a Member for non-fulfillment of obligations relating to membership, margin and settlement or due to surveillance measures
- 7.1.2 Causing to maintain registers, documents and records as required by the Rules, Bye-Laws and Regulations;
- 7.1.3 receiving and resolving complaints and making such enquiry and collecting such information as may be required and initiating necessary action as provided in the Rules, Bye-Laws and Regulations;
- 7.1.4 taking consequential action pursuant to any circulars, directives or inspection report issued by SEBI;
- 7.1.5 signing and issuing or causing to sign and issue all notifications and press releases;
- 7.1.6 enforcing the directives, orders, guidelines, norms and circulars issued by Government of India or SEBI or Relevant Authority, from time to time, and under the Rules, Bye-Laws and Regulations;
- 7.1.7 recovering of various amounts due and payable by Members to the Clearing Corporation /SEBI by debiting the bank accounts of the Members;
- 7.1.8 approving change of status or constitution and transfer in respect of membership;
- 7.1.9 calling upon attendance and information including books, papers, documents and other records or information from any Member who are already admitted as Members or from entities which are seeking admission to the membership of the Clearing Corporation;
- 7.1.10 taking suitable measures relating to clearing so as to safeguard and protect the interests of the Clearing Corporation, Members and their Clients
- 7.1.11 calling upon for examination and investigation of the business and conduct and dealings of the Members.
- 7.1.12 representing the Clearing Corporation as its official representative in all matters.
- 7.1.13 performing such other duties and functions as are incidental and ancillary for the performance of the above duties and exercising such other powers as may be delegated to him by the Relevant Authority or as may be entrusted to him by SEBI.

## **8. MEMBERSHIP**

### **8.1 MULTIPLE CATEGORY**

- 8.1.1 The rights, privileges duties and responsibilities of a Member shall be subject to and in accordance with the Rules, Bye Laws and Regulations. The Relevant Authority may define and admit more than one category of Members for the same Clearing Segment or for different Clearing Segments and may specify different norms including eligibility, admission and cessation including surrender of Membership for different Segments.



## 8.2 ELIGIBILITY

8.2.1 The following persons shall be eligible to become members of the Clearing Corporation:

- (a) Individuals
- (b) Sole proprietorship
- (c) Partnership firms
- (d) A public financial institution as defined in section 4A of the Companies Act, 1956 (1 of 1956) or section 2(72) of the Companies Act 2013;
- (e) A Bank included for the time being in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);
- (f) A foreign bank operating in India with the approval of the Reserve Bank of India;
- (g) A state financial corporation established under the provisions of section 3 of the State Financial Corporations Act, 1951 (63 of 1951);
- (h) An institution engaged in providing financial services, promoted by any of the institutions mentioned in sub clause (c) to (f) jointly or severally;
- (i) A custodian of securities who has been granted a certificate of registration by the Board under sub-section (1A) of section 12 of the SEBI Act;
- (j) Stock broker who has been granted a certificate of registration by the Board under sub-section (1) of section 12 of the SEBI Act;
- (k) A registrar to an issue or share transfer agent and who has been granted a certificate of registration by the Board under sub-section (1) of Section 12 of the SEBI Act.;
- (l) A limited liability partnership formed and registered under the Limited Liability Partnership Act, 2008, or any statutory modification or re-enactment thereof;
- (m) Companies as defined in the Companies Act, 1956 and 2013;
- (n) Such other persons or entities as may be permitted under the Securities Laws.

8.2.2 However, based on the nature, requirements and complexity of certain specific Clearing Segments or Sub-segments that may be introduced by the Clearing Corporation, the Relevant Authority may prohibit or refuse to allow one or more of the aforesaid entities to be admitted to the Membership of such Clearing Segment or may impose additional criteria regarding the eligibility of such entities.

8.2.3 No person shall be admitted as a member of the Clearing Corporation if such proposed member:

- (a) Is an individual who has not completed 21 years of age;
- (b) Is a body corporate who has committed any act which renders the entity liable to be wound up under the provisions of the law;
- (c) Is a body corporate who has had a provisional liquidator or receiver or official liquidator appointed to the person;

- (d) Has been adjudged bankrupt or a receiving order in bankruptcy has been made against the person or the person has been proved to be insolvent even though he has obtained his final discharge;
- (e) Has been convicted of an offence involving a fraud or dishonesty;
- (f) Has compounded with his creditors for less than full discharge of debts;
- (g) Has been at any time expelled or declared a defaulter by any other Stock Exchange / Clearing Corporation;
- (h) Has been previously refused admission to membership unless the period of one year has elapsed since the date of rejection;
- (i) Incurs such disqualification under the provisions of the Securities Laws as disentitles such person from seeking membership of a clearing corporation.
- (j) the Clearing Corporation determines that it is not in public interest to admit him as Member of the Clearing Corporation.

8.2.4 No limited liability Partnership shall be eligible to be admitted to the membership of the Clearing Corporation unless:

- a. the Limited Liability Partnership is formed and registered under the Limited Liability Partnership Act, 2008.
- b. the Limited Liability Partnership complies with the conditions of Rule 8(6) of the Securities Contract (Regulation) Rules, 1957 pertaining to Limited Liability Partnership.

### 8.3 ADDITIONAL ELIGIBILITY CRITERIA

8.3.1 No person shall be eligible to be admitted to the Membership unless the person satisfies such additional eligibility criteria as the Board or the Relevant Authority may prescribe from time to time for different classes of Members;

Provided however that the Relevant Authority may waive compliance with any or all of the admission conditions and at its discretion waive the requirements set out as above, if it is of the opinion that the person seeking admission is considered by the Relevant Authority to be otherwise qualified to be admitted as a Member by reason of his means, position, integrity, knowledge and experience of business in securities.

### 8.4 ADMISSION AND FEES

8.4.1 The Relevant Authority may specify different categories of Members and the requirements regarding their qualification, financial net worth, infrastructure and other relevant norms for each such category and/or Clearing Segment.

8.4.2 The Relevant Authority may specify pre-requisites, conditions, formats and procedures for application for admission, termination, re-admission, etc. of Members to all or any of the clearing Segments of the Clearing Corporation. The relevant authority may, at its absolute discretion,

refuse permission to any Applicant to be admitted as Member to all or any of the Clearing Segments.

- 8.4.3 Such fees, security deposit, contribution and other money as are specified by the Relevant Authority would be payable on or before admission as Member and for continued appointment thereof.

## 8.5 ADMISSION

- 8.5.1 Any person desirous of becoming a member shall apply to the Clearing Corporation for admission to the membership during the period as permitted by the Clearing Corporation and specify the relevant clearing segment of the Clearing Corporation he is desirous of clearing in. Every applicant shall be dealt with by the Relevant Authority who shall be entitled to admit or reject such applications at its discretion.
- 8.5.2 The application shall be made in such formats as may be specified by the Relevant Authority from time to time for application for admission of members.
- 8.5.3 An existing Member may at any time and based on its eligibility, seek admission as a Member to additional Clearing Segments of the Clearing Corporation and such application may be dealt with by the Relevant Authority in the same manner as it would white evaluating a new Applicant.
- 8.5.4 The application shall have to be submitted along with such fees, security deposit and other monies in such form and in such manner as may be specified by the Relevant Authority from time to time with reference to each category of Membership and Clearing Segment.
- 8.5.5 The applicant shall have to furnish such documents and declarations as may be specified from time to time by the Relevant Authority with reference to each category of Membership and Clearing Segment.
- 8.5.6 The Relevant Authority shall have the right to call upon the applicant to pay such fees or deposit such additional security in cash or kind, to furnish any additional guarantee or to require the deposit of any building fund, computerisation fund, training fund or fee as the Relevant Authority may prescribe from time to time.
- 8.5.7 The Relevant Authority may provisionally admit the Applicant to the Membership, Category wise, and Clearing Segment wise, provided that the Applicant satisfies the eligibility conditions and other procedures and requirements of application subject to such terms and conditions as may be specified by the Relevant Authority.
- 8.5.8 Upon the Relevant Authority being satisfied that all other terms and conditions and other requirements for the Membership have been complied with, the Applicant may be, on a provisional

basis, admitted as a Member. The granting of provisional membership shall not entitle the Applicant to any privileges and rights of Membership.

- 8.5.9 If for any reason the application is rejected, the application fee or admission fee, as the case may be, or part thereof as may be decided by the Relevant Authority may at its discretion be refunded to the applicant, without any interest.
- 8.5.10 Relevant Authority may, at its absolute discretion, reject application/s for admissions to membership of the Clearing Corporation or to any particular Clearing Segment of the Clearing Corporation without assigning or communicating the reason thereof.
- 8.5.11 The Relevant Authority may at any time from the date of admission to the membership of the Clearing Corporation cancel the admission and expel a member if he has in or at the time of his application for admission to membership or during the course of the inquiry made by the Relevant Authority preceding his admission:
- (a) Made any willful misrepresentation; or
  - (b) Suppressed any material information required of him as to his character and antecedents; or
  - (c) Has directly or indirectly given false particulars or information or made a false declaration.

## 8.6 TRANSFER OF MEMBERSHIP

- 8.6.1 The membership admission does not confer any ownership right as a member of the Clearing Corporation and shall not be transferable or transmittable except as herein mentioned.
- 8.6.2 Subject to such terms and conditions as the Relevant Authority may prescribe from time to time and to the prior written approval of the Relevant Authority, transfer of the membership may be effected as follows:
- (a) By making nomination under these Rules;
  - (b) By an amalgamation or merger of a member company;
  - (c) By takeover of a member company;
  - (d) By transfer of the membership of a member firm to a new firm, in which, all the existing partners are not partners; and
  - (e) By two or more member firms coming together to form a new partnership firm/company.
- 8.6.3 A Member or its successor(s) may make a nomination to the membership. The nomination(s) made by a Member shall be subject to the following conditions, namely:
- (a) The nominee(s) shall, at the time when the nomination becomes effective, be person(s) who shall be qualified to be admitted as member(s) of the Clearing Corporation;
  - (b) The nominee(s) shall give to the relevant authority his/their unconditional and irrevocable acceptance of his/their nomination;
  - (c) A Member shall nominate one or more of his successor(s) as per the applicable succession laws. If the Member has no successor(s) willing to carry on the membership, then, the Member may nominate person(s) other than his successor(s);

- (d) If the Member has not nominated any person and is rendered incompetent to carry on its business on the Clearing Corporation on account of physical disability, then the Member may, within a period of six months, make a nomination as per the provisions of sub-clause (c) above;
- (e) If the Member has not nominated any person, the successor(s) of the member may nominate one or more persons from among themselves within six months from the date of the death of the member;
- (f) If the nomination of the Member is such that it cannot be given effect to by the Relevant Authority, at the time when the nomination would have become effective, then the successor(s) of such a member may nominate any other person(s) within six months from the date on which the nomination would have become effective;
- (g) If more than one person(s) are nominated by the Member or the successor(s), then such nominated person(s) shall be required to form a company/partnership firm to carry on the membership;
- (h) A nomination made by a Member or successor(s) may be revoked with the prior written approval of the Relevant Authority and subject to such terms and conditions as the Relevant Authority may prescribe from time to time. No such revocation shall be permitted after the nomination becomes effective; and
- (i) The nomination shall become effective in the case of a nomination made by a Member, from the date of his death or physical disability or from the date of approval by the Relevant Authority, whichever is later and in the case of a nomination made by successor(s), from the date on which such nomination is made or from the date of approval by the Relevant Authority, whichever is later.

8.6.4 When a person is admitted to the membership of the Clearing Corporation, intimation of the person's admission shall be sent to the person and to the competent authority. If the person admitted to the membership of the Clearing Corporation and after intimation of his admission is duly sent, does not become a member by complying with acts and procedures for exercising the privileges of membership as may be prescribed by the Relevant Authority within a specified time period from the date of dispatch of the intimation of admission, the admission fee paid by him shall be forfeited by the Clearing Corporation.

8.6.5 The Relevant Authority may permit the transfer of the membership subject to payment of such transfer fee as it may be fit in the following circumstances:

- (a) Death of a member;
- (b) If in the opinion of the Relevant Authority, the member is rendered incompetent to carry on his business on the Clearing Corporation on account of physical disability;
- (c) Upon amalgamation or merger of a member company;
- (d) Upon take-over of a member company; and
- (e) Upon the death of or resignation or notice of dissolution by a partner of a member firm, and re-alignment, if any, by the partners in such firm or by the partners in such firm and the

nominee(s)/successor(s) of the outgoing partner or by the partners in such firm and person(s) other than the nominee(s)/ successor(s) of the outgoing partner in a new firm, within a period of six months from the date of such death or resignation or notice of dissolution.

8.6.6 The Relevant Authority may, while permitting the transfer, prescribe from time to time such transfer fee as it deems fit in the following circumstances, viz.

- (a) nomination by a Member of a person other than successor(s) under the applicable laws;
- (b) nomination by the successor(s) of a Member, if the nominee(s) is/are not from amongst the successors;
- (c) amalgamation or merger of a Member company with a non-Member company resulting in the loss of majority shareholding and/or control of management by the majority shareholders of the Member company;
- (d) takeover of the Member company by non-Member(s) resulting in the loss of majority shareholding and/or control of management by the majority shareholders of the Member company; and
- (e) in the case of sub-clause (e) of clause (8.6.5), if the person(s) other than the nominee(s)/ successor(s) of the outgoing partner hold at least 51% of share in the capital of the new firm.

Explanation I

For the purpose of sub-clauses (c) and (d) above, the term "loss of majority shareholding" means a shareholder or a group of shareholders holding 51% or more shares / interest in the Member company ceases to hold 51% of shares / interest in the Member company or in the amalgamated company which shall take up Membership upon amalgamation of the Member company with a Non-Member company.

Explanation II

For the purpose of sub-clauses (c) and (d) above, the term "loss of control in management" means the loss of the right to appoint majority of the directors or to control the management or policy decision exercisable by person or persons acting individually or in concert, directly or indirectly including by virtue of their shareholding or management rights or shareholders agreements or vetting agreements or in any other manner.

8.6.7 Without prejudice to any other provision of the Rules, the trading membership / membership may be suspended, for such period as the Relevant Authority may deem fit, in the following circumstances:

- (a) Upon the individual member or a partner of a member firm, in the opinion of the Relevant Authority, being rendered incompetent to carry on his business on account of physical disability;
- (b) Upon the mental disability of the individual member or a partner of a member firm provided the partner holds at least 51% of share in the profits and losses of and / or at least 51% of share in the capital of such firm or a shareholder of a member company provided the shareholder is a majority shareholder in such member company;

- (c) Upon the death of an individual member or a partner of a member firm provided the partner holds at least 51% of share in the profits & losses of and / or at least 51% of share in the capital of such firm or a shareholder of a member company, provided the shareholder is a majority shareholder in such member company and during the six month period within which successor(s) of such individual member or partner or shareholder, may nominate person(s) to take up the stake/ shares of such deceased individual member or partner or shareholder;
- (d) Upon the dissolution of a member firm and during the six month period as referred to in sub clause (c)
- (e) Upon any deadlock in the management of a member firm or member company, which, in the opinion of the Relevant Authority will affect the ability of such member firm or Member Company to carry on its business. The Member shall be entitled for an opportunity for representation before the Relevant Authority, before being suspended under this sub clause, but the decision of the Relevant Authority shall be final.

**Explanation I**

For the purposes of this sub-clause, the term "Deadlock in the Management " means

- (a) a situation wherein there is a loss of confidence or disagreement among the partners of a member firm or among the directors/ shareholders of a member company, which, in the opinion of the Relevant Authority, will affect or is likely to affect the conduct of business by the member firm or member company, as the case may be or an equality of vote at a meeting of the directors or shareholders of a member company.

8.6.8 For the purpose of the clauses (b) to (e) of 8.6.6, the term 'member' shall to the extent applicable, include a partner of a member firm or a shareholder of a member company. The term successor(s) shall to the extent applicable, include successor(s) of a partner of a member firm or successor(s) of a shareholder of a member company.

8.6.9 Without prejudice to any other provision of the Rules, the membership may be terminated by the Relevant Authority if an acceptable nomination or realignment, as the case may be, does not take place to the satisfaction of the Relevant Authority, within the said period of six months.

8.6.10 The nominee(s), successor(s), partners of a member firm or such other persons, as the case may be shall be entitled for an opportunity for representation before the Relevant Authority, before being terminated under clause (h) above, but the decision of the Relevant Authority shall be final.

**8.7 CONDITIONS FOR CONTINUED MEMBERSHIP OF THE CLEARING CORPORATION**

8.7.1 Members shall adhere to the Rules, Bye Laws and Regulations and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the Relevant Authority as may be applicable.

- 8.7.2 Members shall be bound by the provisions of Securities Laws as in force from time to time and all other applicable laws in force from time to time.
- 8.7.3 All contracts issued for admitted deals shall be in accordance with and subject to Rules, Bye Laws and Regulations.
- 8.7.4 Members shall furnish declarations, undertakings, confirmation and such other documents and papers relating to such matters and in such forms as may be specified by the Relevant Authority from time to time.
- 8.7.5 Members shall furnish to the Clearing Corporation, within such time as may be specified, an annual Auditors' Certificate certifying that specified requirements as may be specified by the Relevant Authority from time to time pertaining to their operations have been complied with.
- 8.7.6 Members shall furnish such information and periodic returns pertaining to their operations as may be required by the Relevant Authority from time to time.
- 8.7.7 Members shall furnish to the Clearing Corporation such audited and/or unaudited financial or qualitative information and statements and in such manner as may be required by the Relevant Authority from time to time.
- 8.7.8 Members shall comply with such requirements as may be specified by the Relevant Authority from time to time with regard to advertisements, booklets and issue of circulars in connection with their activities as Members.
- 8.7.9 Members shall extend full cooperation and furnish such information and explanation and in such manner as may be required by the Relevant Authority or authorised person of the Clearing Corporation for inspection or audit or in regard to any dealings, settlement, accounting and/or other related matters.
- 8.7.10 Members shall maintain the net worth requirement as may be stipulated by the Relevant Authority from time to time.
- 8.7.11 Members shall pay such fees, security deposits and other charges as may be stipulated by the Relevant Authority from time to time.

## 8.8 PARTNERSHIP

- 8.8.1 No Member shall form a partnership or admit a new partner to an existing partnership or make any change in the name of an existing partnership without intimation and prior approval of the Relevant Authority in such form and manner and subject to such requirements as the Relevant Authority may specify from time to time; these requirements may, inter alia, include deposits, declarations, guarantees and other conditions to be met by and which may be binding on all partners.



- 8.8.2 No Member shall, at the same time, be a partner in more than one partnership firm which is a member of the Clearing Corporation.
- 8.8.3 No Member who is a partner in any partnership firm shall assign or in any way encumber his interest in such partnership firm.
- 8.8.4 The partnership firm shall register with the Income Tax authorities and with the Registrar of Firms and other such authorities as may be required and shall produce a proof of such registration to the Clearing Corporation.
- 8.8.5 The partners of the firm shall do business only on account of the firm and jointly in the name of the partnership firm. No single partner or group of partners are entitled to any rights and privileges of the Membership independent from that of their partnership firm.
- 8.8.6 The members of the partnership firm must communicate to the Clearing Corporation in writing under the signatures of all the partners or surviving partners any change in such partnership either by dissolution or retirement or death of any partner or partners.
- 8.8.7 Any notice to the Clearing Corporation intimating dissolution of a partnership shall contain a statement as to who undertakes the responsibility of settling all outstanding contracts and liabilities of the dissolved partnership firm but that shall not be deemed to absolve the other partner or partners of his or their responsibility for such outstanding contracts and liabilities.

#### 8.9 **CONVERSION OF LEGAL STATUS OF THE MEMBER**

- 8.9.1 Subject to such terms and conditions as the Relevant Authority may prescribe from time to time and to the prior written approval of the Relevant Authority, conversion of the legal status of a member may be effected as follows:
- (a) By conversion of an individual member into a partnership firm / company;
  - (b) By conversion of a member firm into a company.
  - (c) Any other conversion that the Relevant Authority may deem fit.
- 8.9.2 The membership does not confer any ownership right as a member of the Clearing Corporation and shall not be a transferable without prior specific permission in writing from the Relevant Authority and subject to the Bye Laws, these Rules and conditions as may be stipulated by the Relevant Authority from time to time.
- 8.9.3 Notwithstanding anything contained in the Rules hereinabove, (8.6), the Relevant Authority may, in its absolute discretion permit the transfer of the Membership of one or more of the Clearing Segments to another person or entity, subject to such terms and conditions as the Relevant Authority may in its absolute discretion prescribe from time to time.

8.9.4 A Member shall not assign, mortgage, pledge, hypothecate or charge his right of membership or any rights or privileges attached thereto and no such attempted assignment mortgage, pledge, hypothecation or charge shall be effective as against the Clearing Corporation for any purpose, nor shall any right or interest in any membership other than the personal right or interest of the Member therein be recognised by the Exchange. The Relevant Authority shall suspend and/or expel any Member of the Clearing Corporation who acts or attempts to act in violation of the provisions of this Rule.

8.9.5 The Relevant Authority may permit the conversion of the legal status of the Member in the following circumstances:

- (a) in the case of sub-clause (i) of clause (8.9.1), the individual Member holds and continues to hold at least 51% of the share in the profits/losses and/or at least 51% of share in the capital to the partnership firm, or at least 51% of shareholding/ interest in the company, which shall take up the Membership of the Clearing Corporation.
- (b) in the case of sub-clause (ii) of clause (8.9.2), the partners holding at least 51% of share in the profits / losses and / or at least 51% of share in the capital of the Member firm hold and continue to hold at least 51% "of shareholding / interest in the company which shall take up the Membership of the Clearing Corporation.

#### 8.10 **TERMINATION OF MEMBERSHIP**

8.10.1 A Member may cease to be a member, if one or more of the following apply:

- (a) By surrender of membership;
- (b) By death;
- (c) By expulsion in accordance with the provisions contained in the Bye Laws, Rules and Regulations;
- (d) By being declared a defaulter in accordance with the Bye Laws, Rules and Regulations of the Clearing Corporation;
- (e) By dissolution in case of partnership firm;
- (f) By winding up or dissolution of such company in case of a limited company.

8.10.2 The termination of Membership shall not in any way absolve the Member from any obligations and liabilities incurred by the Member prior to such termination.

#### 8.11 **RESIGNATION**

8.11.1 A Member who intends to resign from the Membership of the Clearing Corporation in whole or from one or more of the Clearing Segments shall intimate to the Clearing Corporation a written notice to that effect.

8.11.2 Any other Member objecting to a resignation such Member shall communicate the grounds of his objection to the Relevant Authority by letter within such period as may be specified by the Relevant Authority from time to time.

8.11.3 The Relevant Authority may accept the resignation of a Member, from the Clearing Corporation as a whole or from one or more of the Clearing Segments either unconditionally or on such conditions as it may think fit or may refuse to accept such resignation and in particular may refuse to accept such resignation until it is satisfied that all outstanding transactions with such Member have been settled.

#### 8.12 SURRENDER OF MEMBERSHIP

8.12.1 The Clearing Corporation shall separately provide for, through the Regulations, the terms and conditions for surrender of membership either from one or more Clearing Segments of the Membership or from the Clearing Corporation itself.

#### 8.13 DEATH

8.13.1 On the death of a Member, his legal representatives and authorised representatives, if any, shall communicate due intimation thereof to the Relevant Authority in writing immediately and all future activities of the Member shall cease immediately except so far as it pertains to past obligations prior to his death.

8.13.2 On the termination of Membership of the Clearing segment(s) of a Member consequent to the demise of the individual Member, the Clearing Corporation, with whom security deposits, other monies, any additional deposits, whether in the form of cash, bank guarantees, securities or otherwise, or any other Securities are lying, shall deduct only the dues and liability of such deceased Member from his deposits and in such manner as the Relevant Authority may prescribe from time to time.

#### 8.14 FAILURE TO PAY CHARGES

8.14.1 Save as otherwise provided in the Bye Laws, Rules and Regulations of the Clearing Corporation if a Member fails to pay his annual subscription, fees, charges, deposits, fines, penalties, contribution to Core Settlement Guarantee Fund, other charges, or other monies which may be due by him to the Clearing Corporation within such time as the Relevant Authority may prescribe from time to time after notice in writing has been served upon him by the Clearing Corporation, he may be suspended by the Relevant Authority until he makes payment and if within a further period of time as may be specified by the Relevant Authority from time to time, he fails to make such payment, he may be declared a defaulter or expelled by the Relevant Authority.

#### 8.15 CONTINUED ADMITTANCE

8.15.1 The Relevant Authority shall from time to time prescribe conditions and requirements for continued admittance to Membership which may, inter alia, include maintenance of deposit or

contribution to the Core Settlement Guarantee Fund, minimum net worth and capital adequacy. The Membership of any person who fails to meet these requirements shall be liable to be terminated.

#### 8.16 READMISSION OF DEFAULTERS

- 8.16.1 A Member's right of membership shall lapse and vest with the Clearing Corporation immediately he is declared a defaulter. The member who is declared a defaulter shall forfeit all his rights and privileges as a member of the Clearing Corporation, including any right to use of or any claim upon or any interest in any property or funds of the Clearing Corporation, if any.
- 8.16.2 The Relevant Authority may, at its absolute discretion, readmit a defaulter as a Member subject to the provisions, terms and conditions as may be prescribed by the Relevant Authority from time to time.
- 8.16.3 The Relevant Authority may readmit only such defaulter who in its opinion:
- (a) has paid up all dues to the Clearing Corporation, other Members, clients and Constituents;
  - (b) Has no insolvency proceedings against him in a Court or has not been declared insolvent by any Court;
  - (c) Has defaulted owing to the default of principals whom he might have reasonably expected to be good for their commitments;
  - (d) Has not been guilty of bad faith or breach of the Bye Laws, Rules and Regulations of the Clearing Corporation;
  - (e) Has been irreproachable in his general conduct.

### 9. DISCIPLINARY PROCEEDINGS, PENALTIES, SUSPENSION AND EXPULSION

#### 9.1 DISCIPLINARY JURISDICTION

- 9.1.1 The Relevant Authority may expel or suspend and/or fine under censure and/or warn and/or withdraw any of the membership rights of a Member if it be guilty of contravention, non-compliance, disobedience, disregard or evasion of any of the Bye Laws, Rules and Regulations of the Clearing Corporation or of any resolutions, orders, notices, directions or decisions or rulings of the Clearing Corporation or the Relevant Authority or of any other Committee or officer of the Clearing Corporation authorised in that behalf or of any conduct, proceeding or method of business which the Relevant Authority in its absolute discretion deems dishonourable, disgraceful or unbecoming a Member or inconsistent with just and equitable principles of trade or detrimental to the interests, good name or welfare of the Clearing Corporation or prejudicial or subversive to its objects and purposes.

#### 9.2 PENALTY FOR BREACH OF RULES, BYE-LAWS AND REGULATIONS

- 9.2.1 Every Member shall be liable to suspension, expulsion or withdrawal of all or any of his Membership rights and/or to payment of fine and/or to be censured, reprimanded or warned for

contravening, disobeying, disregarding or willfully evading of any of these Rules, Bye-laws and Regulations or any resolutions, orders, notices, directions, decisions or rulings thereunder of the Clearing Corporation, Securities Contracts (Regulation) Act, 1956 and/or Rules thereunder, Securities and Exchange Board of India Act, 1992 and/or Rules thereunder, the Board of Directors, Committee(s), Managing Director or any officer of the Clearing Corporation or for any disreputable or fraudulent transactions or dealings or method of business which the Board of Directors or the Relevant Authority in its absolute discretion deems unbecoming a Member of the Clearing Corporation or inconsistent with just and equitable principles.

### 9.3 **PENALTY FOR MISCONDUCT, UNBUSINESS LIKE CONDUCT AND UNPROFESSIONAL CONDUCT**

9.3.1 In particular and without in any way limiting or prejudicing the generality of the provisions in Rule 6.1 above, a Member shall be liable to expulsion or suspension or withdrawal of all or any of its membership rights and/or to payment of a fine and/or to be censured, reprimanded or warned for any misconduct, unbusiness like conduct or unprofessional conduct in the sense of the provision in that behalf contained herein.

### 9.4 **MISCONDUCT**

9.4.1 A Member shall be deemed guilty of misconduct for any of the following or similar acts or omissions namely:

- (a) Fraud: If it is convicted of a criminal offence or commits fraud or a fraudulent act which in the opinion of the Relevant Authority renders it unfit to be a member;
- (b) Violation: If it has violated provisions of any statute governing the activities, business and operations of the Clearing Corporation, members and securities business in general;
- (c) Improper Conduct: If in the opinion of the Relevant Authority it is guilty of dishonourable or disgraceful or disorderly or improper conduct on the Clearing Corporation or of willfully obstructing the business of the Clearing Corporation;
- (d) Breach of Rules, Bye Laws and Regulations: If it shields or assists or omits to report any Member whom it has known to have committed a breach or evasion of any Rule, Bye-law and Regulation of the Clearing Corporation or of any resolution, order, notice or direction thereunder of the Relevant Authority or of any Committee or officer or the Clearing Corporation authorised in that behalf;
- (e) Failure to comply with directions: If it contravenes or refuses or fails to comply with or abide by any direction, order, notice, resolution, decision or ruling of the Relevant Authority or of any Committee or officer of the Clearing Corporation or other person authorised in that behalf under the Bye Laws, Rules and Regulations of the Clearing Corporation;
- (f) Failure to submit to or abide by Arbitration: If it neglects or fails or refuses to submit to arbitration or to abide by or carry out any award, decision or order of the Relevant Authority or the Arbitration Committee or the arbitrators made in connection with a reference under the Bye Laws, Rules and Regulations of the Clearing Corporation;

- (g) Failure to testify or give information: If it neglects or fails or refuses to submit to the Relevant Authority or to a Committee or an officer of the Clearing Corporation authorised in that behalf, such books, correspondence, documents and papers or any part thereof as may be required to be produced or to appeal and testify before or cause any of its partners, attorneys, agents, authorised representatives or employees to appear and testify before the Relevant Authority or such Committee or officer of the Clearing Corporation or other person authorised in that behalf;
- (h) Failure to submit Special Returns: If it neglects or fails or refuses to submit to the Relevant Authority within the time notified in that behalf special returns in such form as the Relevant Authority may from time to time prescribe together with such other information as the Relevant Authority may require whenever circumstances arise which in the opinion of the Relevant Authority make it desirable that such special returns or information should be furnished by any or all the members;
- (i) Failure to submit Audited Accounts: If it neglects or fails or refuses to submit its audited accounts to the Clearing Corporation within such time as may be prescribed by the Relevant Authority from time to time.
- (j) Failure to compare or submit accounts with Defaulter: If it neglects or fails to compare its accounts with the Defaulters' Committee or to submit to it a statement of its accounts with a defaulter or a certificate that it has no such account or if it makes a false or misleading statement therein;
- (k) False or misleading Returns: If it neglects or fails or refuses to submit or makes any false or misleading statement in its clearing forms or returns required to be submitted to the Clearing Corporation under the Bye Laws, Rules and Regulations;
- (l) Vexatious complaints: If it or its agent brings before the Relevant Authority or a Committee or an officer of the Clearing Corporation or other person authorised in that behalf a charge, complaint or suit which in the opinion of the Relevant Authority is frivolous, vexatious or malicious;
- (m) Failure to pay dues and fees: If it fails to pay its subscription, fees, arbitration charges or any other money which may be due by it or any fine or penalty imposed on him.

## 9.5 UNBUSINESSLIKE CONDUCT

9.5.1 A Member shall be deemed guilty of unbusinesslike conduct for any of the following or similar acts or omissions namely:

- (a) Fictitious Names: If it transacts its own business or the business of its constituent in fictitious names or if he carries on business in more than one trading segment / clearing segment of the Clearing Corporation under fictitious names;
- (b) Fictitious Dealings: If it makes a fictitious transaction or gives an order for the purchase or sale of goods or securities the execution of which would involve no change of ownership or executes such an order with knowledge of its character;

- (c) Circulation of rumours: If it, in any manner, circulates or causes to be circulated, any rumours;
- (d) Prejudicial Business: If it makes or assists in making or with such knowledge is a party to or assists in carrying out any plan or scheme for the making of any purchases or sales or offers of purchase or sale of securities for the purpose of upsetting the equilibrium of the market or bringing about a condition in which prices will not fairly reflect market values;
- (e) Market Manipulation and Rigging: If it, directly or indirectly, alone or with other persons, effects transactions in any Goods or Security to create actual or apparent active trading in such Goods or Security or raising or depressing the prices of such Goods or Security for the purpose of inducing purchase or sale of such Goods or Security by others;
- (f) Unwarrantable Business: If it engages in reckless or unwarrantable or unbusinesslike dealings in the market or effects purchases or sales for its constituent's account or for any account in which it is directly or indirectly interested which purchases or sales are excessive in view of its constituent's or his own means and financial resources or in view of the market for such Goods or Security;
- (g) Compromise: If it connives at a private failure of a Trading Member / Member or accepts less than a full and bona fide money payment in settlement of a debt due by a Trading Member arising out of a transaction in Goods or Security;
- (h) Dishonoured Cheque: If it issues to any other Trading Member / Member or to its constituents a cheque which is dishonoured on presentation for whatever reasons;
- (i) Failure to carry out transactions with Constituents: If it fails in the opinion of the Relevant Authority to carry out its committed transactions with its constituents

## 9.6 UNPROFESSIONAL CONDUCT

9.6.1 A Member shall be deemed guilty of unprofessional conduct for any of the following or similar acts or omissions namely:

- (a) Business in Goods or Security in which dealings not permitted: If it enters into dealings in Goods or Security in which dealings are not permitted;
- (b) Business for Defaulting Constituent: If it deals or transacts business directly or indirectly or executes an order for a constituent who has within its knowledge failed to carry out engagements relating to Goods or Security and is in default to another Trading Member / Member unless such constituent shall have made a satisfactory arrangement with the Trading Member / Member who is its creditor;
- (c) Business for Insolvent: If without first obtaining the consent of the Relevant Authority it directly or indirectly is interested in or associated in business with or transacts any business with or for any individual who has been bankrupt or insolvent even though such individual shall have obtained his final discharge from an Insolvency Court;
- (d) Business without permission when under suspension: If without the permission of the Relevant Authority it does business on its own account or on account of a principal with or

through a Trading Member / Member during the period it is required by the Relevant Authority to suspend business on the Exchange;

- (e) Business for or with suspended, expelled and defaulter Trading Members / Members: If without the special permission of the Relevant Authority it shares brokerage with or carries on business or makes any deal for or with any Trading Member / Member who has been suspended, expelled or declared a defaulter;
- (f) Business for Employees of other Trading Members / Members: If it transacts business directly or indirectly for or with or executes an order for authorised representative or employee of another Trading Member / Member without the written consent of such employing Trading Member / Member;
- (g) Business for Clearing Corporation/Exchange Employees: If it makes a speculative transaction in which an employee of the Clearing Corporation/Exchange is directly or indirectly interested;
- (h) Advertisement: If it advertises contrary to guidelines if any, issued by the Relevant Authority for advertisement by the Trading/ Members.
- (i) Evasion of Margin Requirements: If it will fully evades or attempts to evade or assists in evading the margin requirements prescribed by Relevant Authority and/or in Bye Laws and Regulations;
- (j) Brokerage Charge: If it deviates from or evades or attempts to evade the Bye Laws and Regulations relating to charging and sharing of brokerage.

#### 9.7 **MEMBER'S RESPONSIBILITY FOR PARTNERS, AGENTS AND EMPLOYEES**

- 9.7.1 A Member shall be fully responsible for the acts and omissions of its authorised officials, attorneys, agents, authorised representatives and employees and if any such act or omission be held by the Relevant Authority to be one which if committed or omitted by the Member would subject it to any of the penalties as provided in the Bye Laws, Rules and Regulations of the Clearing Corporation then such Member shall be liable therefore to the same penalty to the same extent as if such act or omission had been done or omitted by itself.

#### 9.8 **SUSPENSION ON FAILURE TO PROVIDE MARGIN DEPOSIT AND/OR CAPITAL ADEQUACY REQUIREMENTS AND / OR DEPOSIT OR CONTRIBUTION TO SETTLEMENT GUARANTEE FUND**

- 9.8.1 The Relevant Authority shall require a member to suspend its business when it fails to provide the margin deposits, deposits and contribution to Core Settlement Guarantee Fund and/or meet capital adequacy norms as provided in these Bye Laws, Rules and Regulations and the suspension of business shall continue until it furnishes the necessary margin deposits, deposits and contribution to Core Settlement Guarantee Fund or meet capital adequacy requirements. The Relevant Authority may expel a Member acting in contravention of this provision.

#### 9.9 **SUSPENSION OF BUSINESS**

- 9.9.1 The Relevant Authority may require a Member to suspend its business in part or in whole:



- (a) **Prejudicial Business:** When in the opinion of the Relevant Authority, the Member conducts business in a manner prejudicial to the Exchange by making purchases or sales of Goods or Security or offers to purchase or sell Goods or Security for the purpose of upsetting equilibrium of the market or bringing about a condition of demoralisation in which prices will not fairly reflect market values, or
- (b) **Unwarrantable Business:** When in the opinion of the Relevant Authority it engages in unwarrantable business or effects purchases or sales for its constituent's account or for any account in which it is directly or indirectly interested which purchases or sales are excessive in view of its constituent's or its own means and financial resources or in view of the market for such Goods or Security, or
- (c) **Unsatisfactory Financial Condition:** When in the opinion of the Relevant Authority it is in such financial condition that it cannot be permitted to do business with safety to its creditors or the Clearing Corporation.

#### 9.10 **REMOVAL OF SUSPENSION**

- 9.10.1 The suspension of business above shall continue until the Member has been allowed by the Relevant Authority to resume business on its paying such deposit or on its doing such act or providing such thing as the Relevant Authority may require.

#### 9.11 **PENALTY FOR CONTRAVENTION**

- 9.11.1 A Member who is required to suspend its business shall be expelled by the Relevant Authority if he acts in contravention of this provision.

#### 9.12 **MEMBERS AND OTHERS TO TESTIFY AND GIVE INFORMATION**

- 9.12.1 A Member shall appear and testify before and cause its partners, attorneys, agents, authorised representatives and employees to appear and testify before the Relevant Authority or before other Committee(s) or an officer of the Clearing Corporation authorised in that behalf and shall produce before the Relevant Authority or before other Committee(s) or an officer of the Clearing Corporation authorised in that behalf, such books, correspondence, documents, papers and records or any part thereof which may be in its possession and which may be deemed relevant or material to any matter under inquiry or investigation.

#### 9.13 **PERMISSION NECESSARY FOR LEGAL REPRESENTATION**

- 9.13.1 No person shall have the right to be represented by professional counsel, attorney, advocate or other representative in any investigation or hearing before the Relevant Authority or any other Committee unless the Relevant Authority or other Committee so permits.

#### 9.14 **EXPLANATION BEFORE SUSPENSION OR EXPULSION**

पृष्ठ संख्या (०६०७७)----11+

- 9.14.1 A Member shall be entitled to be summoned before the Relevant Authority and afforded an opportunity for explanation before being suspended or expelled but in all cases the findings of the Relevant Authority shall be final and conclusive.

#### 9.15 TEMPORARY SUSPENSION

- 9.15.1 Notwithstanding what is contained in clause 9.14 herein above if in the opinion of the Managing Director it is necessary to do so, he may, for reasons to be recorded in writing, temporarily suspend a Member, pending completion of the proceedings for suspension under this chapter by the Relevant Authority, and no notice of hearing shall be required for such temporary suspension and such temporary suspension shall have the same consequences of suspension under this chapter.
- 9.15.2 A notice to show cause shall be issued to the Member within five working days of such temporary suspension.
- 9.15.3 Any such temporary suspension may be revoked at the discretion of the Managing Director, for reasons to be recorded in writing, if the Managing Director is satisfied that the circumstances leading to the formations of opinion of the Managing Director to effect temporary suspension, have ceased to exist or are satisfactorily resolved.
- 9.15.4 A Member aggrieved by the temporary suspension may appeal to the Relevant Authority, provided that such appeal shall not automatically suspend the temporary suspension unless otherwise directed by the Relevant Authority.

#### 9.16 IMPOSITION OF PENALTIES

- 9.16.1 The penalty of suspension, withdrawal of all or any of the membership rights, fine, censure or warning may be inflicted singly or conjointly by the Relevant Authority. The penalty of expulsion may be inflicted by the Relevant Authority.

#### 9.17 PRE-DETERMINATION OF PENALTIES

- 9.17.1 The Relevant Authority shall have the power to pre-determine the penalties, the period of any suspension, the withdrawal of particular membership rights and the amount of any fine that would be imposed on contravention, non-compliance, disobedience, disregard or evasion of any Bye Law, Rules or Regulation of the Clearing Corporation or of any resolution, order, notice, direction, decision or ruling thereunder of the Clearing Corporation, the relevant authority or of any other Committee or officer of the Clearing Corporation authorised in that behalf.

#### 9.18 COMMUTATION

- 9.18.1 Subject to the provision of the Securities Laws, the Relevant Authority in its discretion may in any case suspend a member in lieu of the penalty of expulsion or may withdraw all or any of the membership rights or impose a fine in lieu of the penalty of suspension or expulsion and may

direct that the guilty member be censured or warned or may reduce or remit any such penalty on such terms and conditions as it deems fair and equitable.

#### 9.19 RECONSIDERATION/REVIEW

9.19.1 Subject to the provisions of the Securities Laws, the Relevant Authority may of its own motion or on appeal by the Member concerned reconsider and may rescind, revoke or modify its resolution withdrawing all or any of the membership rights or fining, censuring or warning any member. In a like manner the Relevant Authority may rescind revoke or modify its resolution expelling or suspending any member.

#### 9.20 FAILURE TO PAY FINES AND PENALTIES

9.20.1 If a member fails to pay any fine or penalty imposed on it within such period as prescribed from time to time by the Relevant Authority after notice in writing has been served on it by the Clearing Corporation it may be suspended by the Relevant Authority until it makes payment and if within a further period as prescribed from time to time it fails to make such payment it may be expelled by the Relevant Authority.

#### 9.21 CONSEQUENCE OF SUSPENSION

9.21.1 The suspension of a member shall have the following consequences namely:

(a) Suspension of Membership Rights:

The suspended member shall during the terms of its suspension be deprived of and excluded from all the rights and privileges of membership including the right to attend or vote at any meeting of the general body of members of the relevant segment, but it may be proceeded against by the Relevant Authority for any offence committed by it either before or after its suspension and the Relevant Authority shall not be debarred from taking cognizance of and adjudicating on or dealing with any claim made against it by other members;

(b) Rights of creditors unimpaired:

The suspension shall not affect the rights of the members who are creditors of the suspended member;

(c) Fulfillment of Contracts:

The suspended member shall be bound to fulfill contracts outstanding at the time of its suspension;

(d) Further business prohibited:

The suspended member shall not during the terms of its suspension transact any business provided that it may with the permission of the Relevant Authority;

#### 9.22 CONSEQUENCES OF EXPULSION

The expulsion of a member shall have the following consequences namely:

9.22.1 Membership rights forfeited:

The expelled member shall forfeit to the Clearing Corporation its right of membership and all rights and privileges as a Member of the Clearing Corporation including any right to the use of or any claim upon or any interest in any property or funds of the Clearing Corporation but any liability of any such member to the Clearing Corporation or to any Member of the Clearing Corporation shall continue and remain unaffected by its expulsion;

9.22.2 Office vacated:

The expulsion shall create a vacancy in any office or position held by the expelled member;

9.22.3 Rights of Creditors unimpaired:

The expulsion shall not affect the rights of the Members who are creditors of the expelled member;

9.22.4 Fulfillment of Contracts and Obligations:

The expelled member shall be bound to fulfill transactions and obligations outstanding at the time of his expulsion and it may with the permission of the Relevant Authority close such outstanding transactions with or through a Member;

9.22.5 Members not to deal:

No Member shall transact business for the expelled member except with the previous permission of the Relevant Authority.

9.22.6 Consequences of declaration of defaulter to follow:

The provisions of Chapter 12 of the Bye Laws pertaining to default, shall become applicable to the Member expelled from the Clearing Corporation as if such Member has been declared a defaulter.

9.23 **EXPULSION RULES TO APPLY**

9.23.1 When a Member ceases to be such under the provisions of these Rules otherwise than by death, default or resignation it shall be as if such member has been expelled by the Relevant Authority and in that event all the provisions relating to expulsion contained in these Rules shall apply to such member in all respects.

9.24 **SUSPENSION OF BUSINESS**

9.24.1 The Relevant Authority shall require a member to suspend its business when it fails to maintain or provide further security as prescribed in the Bye Laws and Regulations and the suspension shall continue until it pays the necessary amount by way of security.

- 9.24.2 Penalty for Contravention: A Member who is required to suspend its business under clause 6.24.1 shall be expelled by the Relevant Authority if it acts in contravention of the provisions of the Bye Laws.

**9.25 NOTICE OF PENALTY AND SUSPENSION OF BUSINESS**

- 9.25.1 Notice shall be given to the member concerned and to the members in general by a notice on the Clearing system or such other method as the Clearing Corporation may decide of the expulsion or suspension or default of or of the suspension of business by a member or of any other penalty imposed on it or on its partners, attorneys, agents, authorised representatives or other employees.
- 9.25.2 The Relevant Authority may in its absolute discretion and in such manner as it thinks fit notify or cause to be notified to the members of the Clearing Corporation or to the public that any person who is named in such notification has been expelled, suspended, penalised or declared a defaulter or has suspended its business or ceased to be a member.
- 9.25.3 No action or other proceedings shall in any circumstances be maintainable by such person against the Clearing Corporation or the Relevant Authority or any officer or employee of the Clearing Corporation for the publication or circulation of such notification and the application for membership or the application for registration as the constituted attorney or authorised representative or by the person concerned shall operate as license and the Bye Laws, Rules and Regulations shall operate as leave to print, publish or circulate such advertisement or notification and be pleadable accordingly.
- 9.25.4 Notwithstanding anything contained in these provisions, if in the opinion of the Relevant Authority it is necessary to do so, he may, for reasons to be recorded in writing, temporarily suspend forthwith the Member, pending completion of appropriate proceedings for suspension under this chapter by the Relevant Authority, and no notice of hearing shall be required for such temporary suspension and such temporary suspension shall have the same consequences of suspension under this chapter, provided that appropriate proceedings provided in this chapter shall be commenced by issue of a notice to show cause to the Member within 10 days of such temporary suspension.
- 9.25.5 Any such temporary suspension may be revoked at the discretion of the Relevant Authority, for reasons to be recorded in writing, if the Relevant Authority is satisfied that the circumstances leading to the formation of opinion of the Relevant Authority to suspend, has ceased to exist or are satisfactorily resolved.

**Laxmikant Gupta**  
**Director**

**Serial No. M-1827**

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY PETITION No. 589 OF 2016

In the matter of Section 433(e) & (f) and 434 of the  
Companies Act, 1956.

AND

In the matter of winding up of PAE Limited, having  
its registered office of the company at 69 Tardeo  
Road, Mumbai 400034.

CIN No. L99999MH1950PLC008152.

Tudor India Pvt. Ltd.,  
A company registered under the Companies  
Act, 1956 and having its Registered office at  
Plot No. 10-1, Kamhalpur, NH-8, Prantij, 383205,  
District Sabarkantha, Gujrat, India.

.....*Petitioner.*

**Advertisement of Petition**

A Petition for winding up of the above named company was presented on 29th June 2016 by the Petitioners above named, creditors of the company and the said Petition was admitted on 20th March 2018 and the same is now fixed for hearing before the company judge on 14th June 2018 at 11-00 a.m., in the forenoon or soon thereafter.

ANY PERSON (s) / CREDITOR OR CONTRIBUTORY desirous of supporting or opposing the said Petition, should send to the Petitioner on his Advocate at his Office address mentioned hereunder a Notice of his intention signed by him or his advocate with full name and address so as to reach the Petitioner or his Advocate mentioned herein under not later than Five days before the date fixed for hearing of the Petition and appear at the hearing for the purpose in person or by his Advocate.

A copy of the Petition will be furnished by the Petitioner's Advocate to any creditor or contributory on payment of the prescribed charges for the same.

Any affidavit intended to be used in opposition and/or in support to the Petition, should be filed in Court and a copy thereof served on the Petitioner's Advocate, not less than five days before the date fixed for hearing.

Dated this 16th day of April, 2018.

TRILEGAL ADVOCATES FOR PETITIONER.

Peninsula Business Park,  
17th Floor, Ganpat Rao Kadam Marg,  
Lower Parel (W.), Mumbai 400 013.

**Serial No. M-1828**

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**  
**ORDINARY ORIGINAL CIVIL JURISDICTION**  
**COMPANY PETITION No.102 OF 2016**

In the matter of the Section 433 r/w Section 434 of the  
Companies Act, 1956 ;

**AND**

In the matter of M/s. TVC NETWORK Ltd. a company  
incorporated under the provisions of the Companies  
Act, 1956 having its registered office at: TVC  
House, Khandawala Centre, Daftary Road, Malad  
(East), Mumbai 400097. CIN No.  
U52590MH2004PLC144416 ;

*... Respondent Company*

Mr. Sourabh Golchha,  
An adult, inhabitant of Chhattisgarh,  
Aged: 29 years, Occupation: Business  
Having his place of residence at:  
Samta Palace, Dugad Sadan,  
Ganjpara, Durg 491001.  
Chhattisgarh, India.

*... Petitioner*

**Notice of Petition**

Notice is hereby given that a Petition for the winding up of the abovenamed Company, by the Hon'ble High Court at Bombay, was on 24th November, 2015 presented to the said Court by the Petitioner abovenamed, Creditor of the Company and the said Petition stands admitted in pursuance of the Court Order dated 28th June 2017, the same is now directed to be heard before the Court on 16th August 2017 at 11:00 a.m. or soon thereafter.

ANY CREDITOR, CONTRIBUTORY OR PERSON desirous of supporting or opposing the making of order on the said Petition, should sent to the Petitioner's Advocate at his office address mentioned hereunder, a Notice of his intention signed by him or his Advocate with his full name, address so as to reach the Petitioner's Advocate not later than 5 days before the date fixed for hearing of the Petition and appear at the hearing for the purpose in person or by his Advocate.

A copy of the Petition will be furnished by the Petitioner's Advocate to any creditor or contributory on payment of the prescribed charges for the same.

Any affidavit intended to be used in opposition to the Petition, should be filed in Court and a copy thereof served on the Petitioner's Advocate, not less than 5 days before the date fixed for hearing.

Mumbai, dated this day of 14th July, 2017.

**LAW SQUARE,**  
Advocates for Petitioner.

Prospect Chambers Annexe  
Office No.18, 1st Floor,  
6 Pitha Street,  
Fort, Mumbai 400 001.

**Serial No. M-1829**

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**

**ORDINARY ORIGINAL CIVIL JURISDICTION**

**COMPANY PETITION No.280 OF 2016**

In the matter of the Companies Act, 1956;

And

In the matter of Section 433(e) and 434 of the Companies Act, 1956;

And

In the matter of M/s. Tirupati Industries (India) Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at 42, Emerald Industrial Estate, Dheku, Taluka Khalapur, District Raigad-410203, Maharashtra (India), and Corporate Office at 403, Trade World, B-Wing, Kamala City, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

CIN No: L99999MH1973PLC016686.

**Citibank N.A.,**

A corporate body having its Registered Office at 399, Park Avenue, New York, 10043, and a branch office in India at Citibank N.A., First International Centre (FIFC), 9th Floor, Plot Nos. C-54 and C-55, G-Block, Bandra-Kurla Complex, next to Citi Centre Building, Bandra (East), Mumbai 400 051, and its erstwhile office at Citibank N.A., Trent House, 2nd Floor, C – 60, Bandra-Kurla Complex, next to Citi Centre Building, Bandra (East), Mumbai 400 051.

*...Petitioner*

*Versus*

**M/s. Tirupati Industries (India) Limited,**

A Company registered under the Companies Act, 1956 and having its Registered Office at 42, Emerald Ind. Estate, Dheku, Taluka Khalapur, District Raigad-410203, Maharashtra (India), and Corporate Office at 403, Trade World, B Wing, Kamala City, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

*...Respondent*

**Advertisement of Petition**

Notice is hereby given that a Petition for a winding-up of the above named Company by the High Court of Judicature at Bombay was on the 7th day of January, 2016 presented to the said Court by the Petitioner abovenamed i.e. Citibank N.A. having its Registered Office at 399, Park Avenue, New York, 10043, and a branch office in India at Citibank N.A., First International Centre (FIFC), 9th Floor, Plot Nos. C-54 and C-55, G-Block, Bandra-Kurla Complex, next to Citi Centre Building, Bandra (East),



Mumbai 400 051, secured creditor of the said Company and the said Petition was admitted on 31st March 2018, pursuant to order dated 5th January 2018 and that the said Petition is directed to be heard before the said Court on the 7th day of June, 2018 at 11.00 a.m. in the forenoon or soon thereafter.

ANY CREDITOR, CONTRIBUTORY OR OTHER PERSON(S) desirous of supporting or opposing the making of an Order on the said Petition, should send to the Petitioner or his Advocate at his office address mentioned hereunder, a notice of his intention signed by him or his Advocate with his full name and address, so as to reach the Petitioner or his Advocate mentioned hereunder not later than 5 days before the date fixed for the hearing of the Petition, and appear at the hearing for the purpose in person or by his Advocate. A copy of the Petition will be furnished by the undersigned to any creditor or contributory on payment of the prescribed charges for the same.

Any affidavit intended to be used in opposition and/or in support to the Petition should be filed in Court and a copy served on the Petitioner or his Advocate, not less than 5 days before the date fixed for the hearing.

Dated this 20th day of April, 2018.

M/S. MANILAL KHER AMBALAL & CO.,  
Advocates for the Petitioner.

MKA Chambers, British Hotel Lane,  
Off. Mumbai Samachar Marg,  
Mumbai 400 001.

**Serial No. M-1830**

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY PETITION No. 839 OF 2014

In the matter of sections 433 and 434 of the Companies Act, 1956 ;

*And*

In the matter of winding up of M/s.Kanchan International Ltd. having its registered office at 41 & 42, Midtown Cooperative Housing Society, S.V.Road, Borivali (West), Mumbai 400 092.

*And*

CIN No. L2930IMH1994 PLC 078695.

M/s.Ram Ratna Wires Ltd., a public limited Company incorporated under the provisions of the Companies Act, 1956, having its Registered office at Ram Ratna House, Oasis Complex, P.B.Marg, Worli, Mumbai 400 013.

*... Petitioners.*

*Versus*

M/s. Kanchan International Ltd., a public Limited company incorporated under the Provisions of the Companies Act, 1956, having its registered office at 41 & 42, Midtown Cooperative Housing Society S.V.Road, Borivali (West), Mumabi 400 092. And administrative office at 28, A/B, Raju Industrial Estate, Penkarpada Road, Near Dahisar Checknaka, P.O. Mira Road, 401 104.

*... Respondents.*

**Advertisement of Petition**

Notice is hereby given that a Petition for the winding up of the abovementioned Company by the Hon'ble Court of Bombay was on 3.3.2014 presented by the Petitioners above named Creditors of the Company and the said Petition stands admitted in pursuance of Court Order dated 27.2.2017, the same is now fixed for hearing before the Company Judge on the 3rd May, 2018 at 11.00 a.m. in the forenoon or soon thereafter.

ANY CREDITOR, CONTRIBUTORY OR OTHER PERSON desirous of supporting or opposing the making of an order on the said Petition, should send to the Petitioner or his Advocate at his office address mentioned hereunder, a Notice of his intention signed by him or his Advocate not later than five days before the date fixed for hearing of the Petition and appear at the hearing for the purpose in person or by his Advocate.

A copy of the Petition will be furnished by the undersigned to any creditor or contributory on payment of the prescribed charges for the same.

Any affidavit intended to be used in opposition to the Petition, should be filed in Court and a copy served on the Petitioner's Advocate, not less than five days before the date fixed for the hearing.

RAM & CO.,  
Advocate for the Petitioner.

18-B Meadows House, 3rd floor,  
Tamrind Lane, Fort, Mumbai 400 023.

**Serial No. M-1831**

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY PETITION No. 1087 OF 2015

In the matter of companies Act, 1956

AND

In the matter of M/s Nirmal Ayur Life Industries Pvt. Ltd, having its registered office at, 1, Manthan Darshi Complex, Datta Mandir Road, Malad (E.), Mumbai 400 097, Maharashtra bearing CIN No. U24233MH2007PTC172352

AND

In the Matter of Section 434 of the Companies Act, 1956

**IDBI Bank Ltd.**

Through its Authorized Officer Mr. Rahul Asher  
Having his Office at IDBI Bank, IDBI Tower,  
Plot No C 7, G Block, Opposite NSE, BKC,  
Mumbai 400 051.

**Advertisement of Petition**

Notice is hereby given that petition for the winding up of the abovenamed Company, by the Honorable Court of Bombay, was on January 15, 2015 presented to the said court by the Petitioners abovenamed Creditors of the Company and the said Petition stands admitted in pursuance of the Court order dated January 9, 2018 and the said Petition is directed to be heard before the Court on April 26, 2018 at 11.A.M. or soon thereafter.

**ANY CREDITORS, CONTRIBUTORY OR PERSON** desirous of supporting or opposing the making of order on the said Petition, should sent to the Petitioner's Advocates at his Office address mentioned hereunder, a Notice of his intention signed by him or his Advocate with his full name, address so as to reach the Petitioner's Advocate not later than Seven days before the date fixed for hearing of the Petition and appear at the hearing for the purpose in person or by his Advocate.

A Copy of the Petition will be furnished by the Petitioner's Advocates to any creditors or contributory on payment of the prescribed charges for the same.

Any Affidavit intended to be used in opposition to the Petition, should be filed in Court and a copy thereof served on the Petitioner's Advocate, not less than Seven days before the date fixed for hearing.

At Mumbai,  
dated this 17th day of April, 2018.

VINITA HOMBALKAR,  
Advocate for Petitioner.

1201, B Wing, Dalamal Tower,  
211 Free Press Journal Marg,  
Nariman Point, Mumbai 400 021.

**Serial No. M-1832**

In order to align the Memorandum of Association ('MOA') and Articles of Association ('AOA') of National Commodity Clearing Limited with the provisions of Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and Companies Act, 2013 the MOA and AOA have been amended as under:

COMPANIES ACT, 2013  
(A COMPANY LIMITED BY SHARES)  
**MEMORANDUM OF ASSOCIATION OF  
NATIONAL COMMODITY CLEARING LIMITED**

- I. The name of the Company is NATIONAL COMMODITY CLEARING LIMITED
- II. The Registered Office of the Company is situated in the State of Maharashtra i.e. within the jurisdiction of the Registrar of Companies, Maharashtra at Mumbai.
- III. **(A). THE OBJECTS TO BE PURSUED BY THE COMPANY ON INCORPORATION**
  1. \*To facilitate, set up and carry on the business of clearing and settlement of trades in commodity and commodity derivatives, currencies, forex instruments and instruments underlying any other asset classes and shares, stock, debentures, bonds, units, deposit certificates, notes, warrants and securities of all kinds including securities defined under Securities Contracts (Regulation) Act, 1956, and all other instruments of any kind traded, in electronic and/or in physical form, and to ensure completion and guarantee of settlement and to facilitate, promote, assist, regulate and manage dealings in securities, commodities, currencies and all other types, nature and kinds of instruments in India and/or in any country/geography(ies) outside India, subject to receipt of necessary regulatory approvals.
  2. \*To initiate, facilitate, promote, assist, undertake and manage all activities in relation to, commodity exchanges, commodity derivatives exchanges, stock exchanges, money markets, financial markets, commodity markets, securities markets, currencies, warehousing, risk management, custodial and depository services including but not limited to taking measures for ensuring greater liquidity, facilitating intra and inter market dealings, and generally to facilitate clearing and settlement of transactions in securities, commodities and instruments of all kinds in India and/or in any country / geography(ies) outside India.
- B. **MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III A:**

3. To frame and enforce Rules, Bye-laws and Regulations as may be required for regulating the mode and manner, the conditions subject to which the business of the Company shall be transacted and the rules of conduct of the clearing members of the Company, including all aspects relating to clearing membership, trading, settlement, including guarantee of settlements, settlement fund, constitution of committees, delegation of authority and general diverse matters pertaining to the Company and also including code of conduct and business ethics for the clearing members and from time to time to amend or alter such Rules, Bye-laws and Regulations or any of them and to make any new or additional Rules, Bye-laws or Regulations or amend, modify, delete any of the then existing Rules, Bye-laws or Regulations either in full or in part for the purposes aforesaid.\*\*
4. To settle disputes and to decide all questions of trading, clearing and settlement methods, practices, usages, custom or courtesy in the conduct of trade and business of the Company.
5. To fix, charge, modify, rationalize, charge, recover, receive security deposits, admission fees, transaction and clearing fees, fund subscriptions, deposits, margins, penalties, fines, ad hoc levies and subscription from clearing members of the Company in terms of the Articles of Association and Rules and Regulations of the Company.\*\*
6. To regulate and fix the scale of commission and brokerage and other charges to be charged by the clearing members.
7. To facilitate resolution of disputes by arbitration or to nominate arbitrators or umpires on such terms and in such cases as may seem expedient; to set up regional or local arbitration panels and to provide for arbitration of all disputes and claims in respect of all transactions relating to or arising out of or in connection with or pertaining to the business of the Company and including arbitration of disputes between clearing members of the Company and between clearing members of the Company and persons who are not clearing members of the Company but constituents of clearing members of the Company; and to remunerate such Arbitrators on the Regional Arbitration Panels or Local Panels and to make, amend, modify and alter Rules, Bye-laws and Regulations in relation to such arbitration proceedings, the fees of arbitrators, the costs of such arbitration, and related matters and to regulate the procedures thereof and enforcement of awards and generally to settle disputes and to decide all questions of usage, custom or courtesy in the conduct of trade and business in commodities.\*\*
8. To act as a custodian or depository of securities and instruments of all kinds including derivatives thereof, by itself or in association with or through any other company or person or department of the Government or authority for purposes of storage, in any form gratuitously or otherwise, letting on hire and otherwise disposing off safes, strong rooms, vaults, tanks, wells, and other receptacles for money, securities and documents or securities of all kinds.\*\*
9. To establish and maintain or to arrange or appoint agents, to establish and maintain clearing house(s) for the objects and purposes of the Company or maintain a stockholding and clearing corporation, depository, clearing house or division and to control and regulate the working and administration thereof.
10. To ensure or guarantee the settlements on the exchange payment of advances, margins, credits, settlements on exchanges, and other commercial obligations or commitments of such description as well as the fulfillment of contracts and other trading and commercial transactions of such description and to indemnify any person against the same as may be determined by the Board from time to time.\*\*
11. To enter into any arrangements with the Government, whether central, state, municipal, local or otherwise, or any Authority which may seem desirable, conducive to achieve all or any of the objects of the Company and to obtain from such Government or Authority any powers, rights, licenses, grants or decrees, privileges or concessions, whatsoever which the Company may think fit, or which may seem to the Company capable of being turned to account and to comply with, work, develop, carry out, exercise and turn to account any such arrangements, concessions, grants, decrees, rights or privileges.\*\*



12. To act as Trustees of any deeds constituting or securing any debentures, debenture stock or other securities, instruments or obligations and to undertake and execute any other trusts and also undertake the office of or exercise the powers of executor, administrator, receiver, custodian and trust corporation. \*\*
13. To receive and hold in trust as trustees, nominees, agents of any person, company, trust, fund, institution, corporation, government, state or of municipal or other authority or public body, client, member, shareholder, depositor or any other intermediary, any and all kinds of property including shares, stocks, debentures, securities, policies, book debts, claims, choses in action, bonds, promissory notes, participation certificates, lands, buildings, hereditaments, business concerns and undertakings, mortgages, charges and annuities, patents, licenses, leases and interests of every kind or against any person, company, body corporate and to collect and receive all dividends, interests, monies payable to or receivable by the beneficiary in respect of such property so held by the Company and hold, sell, buy, transfer, exchange, mortgage, pledge, assign, deal with or manage the same in the course of the business of the Company.
14. To constitute any trusts with a view to issue preferred, deferred or any other special stocks, securities, certificates or other documents based on or representing any shares, stocks, securities, certificates or other document or other assets appropriated for the purpose of any such trust and to settle and regulate and if required to undertake and execute any such trust to issue, hold or dispose of any such preferred, deferred or other special stocks, securities, debt, instruments, certificates or documents. \*\*
15. To appoint trustee or trustees (whether individuals or corporations) to hold securities, instruments on behalf of and to protect the interest of the Company. \*\*
16. To negotiate, enter into and perform or obtain performance of contract with foreign or other companies, firms and individuals with regard to technology transfer, know-how, technical process, technical assistance, technical or other collaboration, in connection with the setting up and operation of securities, currencies, commodity or any other asset class clearing company and any other necessary system or establishment in connection with the business of the Company. \*\*
17. To undertake designing, constructing and developing, management know-how, studies, development and evaluation of projects, expertise, data, information and / or dealing with technical know-how connected with the activities referred to in the main objects of the Company.
18. To act as brokers, negotiate with the banks, financial institutions and others for arranging loans and underwriting of shares and debentures and to undertake and carry out promotion and formation of companies, firms, associations, trusts and run and manage them for others and on own account and to assist in the selection, recruitment, and hiring of personnel.
19. To employ or engage staff to carry out the objects and to acquire from any person, firm or body corporate whether in India or elsewhere technical information, know-how, grants or licences.
20. To purchase or otherwise acquire and take over either the whole or any part of, or any interest in the business, goodwill, trademarks, patents, properties, contracts, agreements, rights, privileges, effects, assets and liabilities of any person or persons, firm, other company, body corporate or corporation carrying on or having ceased to carry on, any business which this Company is authorised to carry on or possessing property suitable for purpose of the Company and upon such terms and subject to such stipulations and conditions and at/or for payment of such price or consideration, if any, in money, shares, money's worth, or otherwise as may be deemed advisable. \*\*
21. To open, operate, transfer and/or close bank accounts of all nature including over draft accounts with any bank. \*\*
22. For all or any of the purposes of the Company to draw, make, accept, endorse, discount, execute, issue, negotiate and sell bills of exchange, promissory notes, cheques, bills of lading, warrants, debentures and other negotiable instruments with or without security and also to draw and endorse promissory notes and negotiate the same and also take and receive advances by discounting or

otherwise with or without security, upon such terms and conditions as the company deems fit and also to advance any sum or sums of monies upon materials or other goods or any other things upon such terms and securities as the Company may deem expedient.

23. To pay out the funds of the Company all costs, charges and expense which the Company may lawfully pay with respect to the promotion, formation, establishment and registration of the Company and / or the issue of its capital (including any underwriting or other commission, broker's fee and charges in connection therewith) including costs, charges of negotiations and contracts and arrangements made prior to and in anticipation of the formation and incorporation of the Company or which the Company shall incur including therein the cost incurred for printing and stationary, professional, lawyers' or any other experts' fees and expenses.\*\*
24. To make payments or disbursements out of the funds or other movable property of the Company for any of the purposes specified in these presents and the Articles of Association and Rules, Bye-Laws and Regulations of the Company and to make, draw, accept, endorse, discount, execute warrants, debentures or other negotiable or transferable documents.
25. To subscribe for becoming a member of and co-operate with any other association whether incorporated or not, whose objects are to promote the interests represented by the Company or to promote general commercial and trade interests and to procure from and communicate to such association such information as may further the objects of the Company or promote measures for the protection of the trade of any interest therein.
26. To take part in the management of or set up an advisory or research division and act as consultants and advisers for the setting up and organizing of dealing in commodities or clearing and settlement in India or abroad, and to act as consultants for commodities and their marketing and advising on the incidents and features of business of the Company and to enter into association with any exchange(s) in India or abroad whether by subscription or on co-operation principle for furthering the objects of the Company.
27. To enter into any partnership or arrangement in the nature of a partnership, joint-venture, co-operation or union of interest, with any person or persons, company or corporation engaged or interested or about to become engaged or interested in the carrying on or conduct of any business or enterprises which this Company is authorised to carry on or conduct or from which the Company would or might derive any benefit whether direct or indirect.
28. To amalgamate with any company or companies or associations having objects altogether or in part similar to those of this Company or to amalgamate, enter into any partnership or partially amalgamate with or acquire interest in the business of any other company, person or firm carrying on or engaged in, or about to carry on or engage in any business or transaction included in the objects of the Company, or enter into any arrangements for sharing profits, or for co-operation or for mutual assistance, with any such person, firm, or company or to acquire, carry on business ancillary to the business of the Company or connected therewith or which may seem to the Company capable of being conveniently carried on in connection with the above, to give or accept by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities, instruments that may be agreed upon, and to hold and retain, or sell, transfer, mortgage and/or deal in any other manner with any shares, debentures, debenture stock or securities so received.\*\*
29. To form, constitute, promote, subsidize or organize and assist or aid in forming, constituting, promoting, subsidizing, organizing and assisting or aiding companies or partnerships of all kinds having similar objects for the purpose of acquiring any undertaking or any property whether movable and/or immovable, whether with or without liability of such undertaking or company, or any other company for advancing directly or indirectly the objects hereof and to take or otherwise acquire, hold and dispose of shares, debentures and other securities, instruments in or of any such company and to subsidize or otherwise assist or manage or own any such company in furtherance of the objects of the



Company and to guarantee the payment of any debentures or other securities, issued by such company.\*\*

30. To act as principals, agents, trustees, contractors or otherwise either alone or in conjunction with others and either by or through agents, contractors, trustees or otherwise to the attainment of the objects of the Company.
31. To own, establish or have and maintain offices, branches and agencies in or out of India for its business and for securing its customers.
32. To exercise all or any of its corporate powers, rights and privileges and to conduct its business in all or any of its branches in the Union of India and in any or all states and territories thereof and in any or all foreign countries and for this purpose and agencies therein as may be convenient.
33. To subscribe, contribute, make donations or grants or guarantee money for any general or useful object or to fund or institution and to aid by pecuniary means or otherwise, any association, body or movement.\*\*
34. To establish and support or assist in the establishment and support of any funds (whether Settlement Fund or Investor Protection Fund or any other funds), trusts and conveniences calculated to advance and further the objects and purposes of the Company and the Commodities markets in general or required by law.
35. To seek for and secure openings and opportunities for the employment of capital with the view to prospect, inquire, examine, explore and test the capital and security commodity markets and dispatch and employ expeditions, commissions and other agents for the business of the Company.
36. To borrow, raise loans in any form (including foreign currencies), receive deposits, create indebtedness, to receive grants or advances (whether interest free or not ), equity loans or raise any monies required for the objects and purposes of the Company upon such terms and in such manner and with or without security as may from time to time be determined and in particular by the issue of debentures, debenture stock, bonds or other securities, provided always and it is hereby expressly declared as an original and fundamental condition of any such borrowing or raising of monies, that in all cases and under all circumstances any person claiming payment whether of principal or interest or otherwise howsoever in respect of the monies so borrowed or raised shall be entitled to claim such payment only out of the funds, properties and other assets of the Company which alone shall be deemed to be liable to answer and make good all claims and demands whatsoever under and in respect of the monies so borrowed or raised and not the personal funds, properties and other assets of all or any one or more of the Members of the board of Directors or members of the Company, their or his heirs, executors, administrators, successors and assigns who shall not and shall not be deemed to, in any way, incur any personal liability or render themselves or himself personally subject or liable to any claims or demands or be charged under and in respect of the monies so borrowed or raised, and in the event of the funds, properties and other assets of the Company being insufficient to satisfy the claims of all persons claiming payment as aforesaid, the right of any such person shall be limited to and he shall not be entitled to claim anything more than his part or share of such funds, properties and other assets of the Company in accordance with the terms and conditions on which the monies have been so borrowed or raised.
37. To invest, lend or advance the monies of the Company not immediately required in or upon such security and with or without interest and in such other investments as may from time to time be determined by the Company.
38. To undertake and subscribe for, conditionally or unconditionally, stocks, shares and securities of any other company.
39. To receive money on deposit or otherwise, upon such terms and conditions and to give guarantee and indemnities in respect of debts and contracts of others.
40. To secure or discharge any debt or obligation of or binding upon the Corporation, in such manner

as may be thought fit and in particular by mortgages, charges and guarantees upon the undertaking and all or any of the assets and property(ies) (present and future) and the uncalled capital of the Company or by the creation and issue on such terms as may be thought expedient, of debentures, debenture-stock, or other securities of any description or by the issue of shares credited as fully or partly paid-up.\*\*

41. To remunerate (by cash or other assets or by the allotment of fully or partly paid shares or by call on shares, debentures, debenture stock or securities / instruments of this or any other company or in any other manner) any person or company for goods supplied or to be supplied, or for services rendered or to be rendered, in acting as trustees for debentures, debenture stockholders, or placing or assisting to place or guarantee the placing of any of the shares in the Company's capital or debenture, debenture stock or other securities / instruments of the company or in or about the formation or promotion of the company or the conduct of its business or for guaranteeing the payment of such debentures or debenture stock and interest .
42. To insure any or all of the properties, undertakings, contracts, risks or obligations of the company in any manner whatsoever.
43. To give guarantee, and carry on and transact every kind of guarantee and counter guarantee business and in particular the payment of any principal monies, interest or other monies secured by or payable under debentures, bonds, debenture-stock, mortgage, charges, contracts, obligations, securities and instruments and the payment of dividends on and the repayment of the capital stocks, shares, securities and instruments of all kinds and descriptions.
44. To issue derivatives or acquire and sell any such shares, stocks, debentures, debenture stock, bonds, obligations or securities by original subscription, tender, purchase, incorporate or auction or otherwise and to subscribe for the same either conditionally or otherwise, and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof in furtherance of the objects of the Company.
45. To erect, construct, extend and maintain suitable building(s) or premises for the use by the Company, its employees or its members and for any other purposes of the Company and to alter, add, modify, change to or remove or replace or substitute or augment space in such building(s).\*\*
46. To buy, purchase, sell, lease, take on lease, exchange or otherwise acquire lands, buildings, flats and hereditaments of any tenure or description in India and / or elsewhere whether for residential, business, or other purposes and any rights, easements, advantages, and privileges relating thereto and to construct, alter, improve, decorate, develop, furnish and maintain offices, flats, houses, warehouses, godowns, shops, buildings and other structures, works and conveniences of all kinds on any of the lands or immovable properties purchased or acquired by the Company for its own use.
47. To sell, mortgage, exchange, lease, let under lease or sub-let, grant licences, easement and other rights over, improve, manage, develop and turn to account and in any other manner deal with or dispose of the undertaking, investments, property, assets, rights and effects of the Company or any part thereof for such considerations as may be thought fit, including any stocks, shares or securities of any other company, whether partly or fully paidup.
48. To receive gifts of moveable and/or immoveable properties and offering or voluntary donation or bequest and legacy from any person or entity for all or any of the objects of the Company without any specific conditions, provided such receipts or the conditions attached are not inconsistent with the objects of the Company. All such gifts, donations, grants, offerings, legacies and bequests, including land, buildings and other immoveable properties, shall be treated as forming part of the property of the Company and shall be applied accordingly.\*\*
49. To apply for, purchase or otherwise acquire any patents, brevets, inventions, licences, concessions, rights, privileges and the like conferring of any exclusive or limited right to use any secret or other information as to invention which may seem capable of being used for any of the purposes of the



- Company or may appear likely to be advantageous or useful to the Company and to use, exercise, develop or grant licences, privileges in respect of or otherwise turn to account the property rights or information so acquired and to assist, encourage and spend money in making experiments of all inventions, patents and rights which the Company may require or propose to acquire in connection with its business.
50. To establish, provide, maintain and conduct, or otherwise subsidise research laboratories and experimental workshops for scientific and technical research and experiments and to undertake and carry on with all scientific and technical researches, experiments and tests of all kinds and to promote studies and research both scientific and technical investigations and inventions by providing subsidizing, endowing or assisting laboratories, workshops, libraries and arranging lectures, meeting and conferences and by providing for the remuneration of professors, visiting faculties, and/or teachers and by providing for the award of scholarships, prizes and grants to students or otherwise and generally to encourage, promote and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any of the business which the company is authorised to carry on.\*\*
51. To improve and elevate the technical and business knowledge of persons engaged in or about to be engaged in trade, banking, commerce, finance or company administration or dealing in commodities stocks, shares and securities of any other kind or in connection with the objects of the Company therewith and with a view thereto to provide for delivery of lectures and the holding of classes, and to test by examination or otherwise the competence of such persons and to award certificates and diplomas and to institute and establish prizes, scholarships, grants and other benefactions and to setup or form any such technical or educational institutions and to run and administer it.\*\*
52. To acquire, collect, preserve, disseminate or sell statistical or other information in connection with the business of the Company, to maintain a library and to print, publish, undertake manage and carry on any newspaper, journal, magazine, pamphlet, official year book, daily or other periodical quotation lists or other works in connection with or in furtherance of the object of the Company.\*\*
53. To procure the recognition of the Company in or under the laws of any place in or outside India and to take such steps as may be necessary to give the Company same rights and privileges in any part of the world as are possessed by local companies or partnerships of a similar nature.
54. To provide counsel or advice, assist or help in obtaining counsel or advice on business strategies, including management, technology, production, marketing and finance or to take part in the management of or set up an advisory or research division and act as consultants and advisors for the setting up and organizing of any activity related to clearing and settlement of commodities & its derivatives in India or abroad.
55. To appoint attorneys and agents whether on commission or otherwise and constitute agencies and sub-agencies of the Company in India and elsewhere.
56. To train or pay for the training in India or abroad of any of the Company's employees or any candidate in the interest of or for the furtherance of the objects of the Company.
57. To provide for the welfare of employees or ex-employees of the Company and the wives and families or the dependents or connections of such person by building or contributing to the building of houses or dwellings or by grants of money, pensions, allowances, bonus or other payments or by creating from time to time, subscribing or contributing to provident and other associations, institutions funds or trustees and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the company shall think fit.
58. To indemnify officers, Directors, promoters and servants of the Company against proceedings, costs, damages claims and demands in respect of anything done or ordered to be done, for and in the interest of the company or for any loss or damage or misfortune whatever happens in execution of duties of

their offices or in relation thereto.

59. To employ experts to investigate and examine into the condition, management prospects, value, character and circumstances of any business, concern and undertaking.
60. To distribute any of the property of the Company in specie among the members in the event of winding up subject to the provisions of the Act.
61. To defend, file suit against any person for maintaining and protecting its interests and properties and/or claim in any court of law or in any proceedings through arbitration or otherwise and incur necessary charges and pay fees and expenses. ##
62. To regulate and fix the scale of commission and brokerage and other charges by clearing members. ##
63. To undertake, carryout, promote, and sponsor development including any programme for promoting social and economic welfare or upliftment of the public in any rural area and to incur any expenditure on any programme of rural development and to assist execution and promotion thereof either directly or indirectly through an independent agency or in any other manner without prejudice to the generality of promoting of rural development and that word rural area shall include such area as may be regarded as rural areas under section 35CC of the Income tax Act , 1961 or any other law for time being in force or as may be regarded by Directors as rural areas.##
64. To adopt such means of making known the services, business interests of the Company as it may deem expedient and in particular by advertising in the press, radio, television, web and cinema, by circulars, by purchase, construction and exhibitions of work or art or general interests, by publication of books and periodicals and by granting prizes, rewards, scholarships and donations, subject to Section 181 of the Companies Act,2013.##

C. OTHER OBJECTS

### Deleted

IV. The liability of the Members is limited.

- V. (a)##### The Authorized Share Capital of the Company is Rs. 12,00,00,0000/- (Rupees One hundred and twenty crores only) divided into 120,000,000 (Twelve crore only) Equity Shares of Rs. 10/- (Rupees Ten only) each.
- (b) The minimum paid up capital of the Company shall be Rs. 5,00,000/- (Rupees Five Lakhs only)

*Pursuant to Special Resolution passed at the meeting of members held on February 12, 2018, following amendments have been carried out to Memorandum of Association*

- 1) The words appearing in III(A) – “Main objects to be pursued by the Company on its incorporation are “ were replaced by the following words “The objects to be pursued by the Company on Incorporation.
- 2) \*The scope of the Main objects to be pursued by the Company on its incorporation appearing under Clause III A have been amended to include certain new asset class.
- 3) The words appearing III(B)- The objects incidental or ancillary to the attainment of the main objects” were replaced by the following words “ Matters which are necessary for furtherance of objects specified Clause III(A).
- 4) ## Insertion of new clauses after Clause 60 i.e Clause 61 to Clause 64 in III(B)
- 5) \*\*Modification of Clause 3, 5, 7, 8, 10, 11, 12, 14, 15, 16, 20, 21, 23, 28, 29, 33, 40, 41, 45,48,50,51,52

- 6) ### *Deletion of other objects specified in Clause III (C) under the heading "OTHER OBJECTS"*
- 7) ##### *Clause V modified Increase in Authorised Capital from Rs.10 Crores to Rs. 120 Crores*



By the several persons whose names, addresses, descriptions and occupations as hereunto subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take number of shares in the capital of the Company as set opposite our respective names:

Names, addresses and descriptions of the Subscribers	Number of Equity Shares taken by each subscriber	Signature(s)	Witness
1. National Stock Exchange of India Limited, Exchange Plaza, Plot C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai- 400051 Occupation: Stock Exchange [Represented by its Company Secretary and Authorised Official Mr. J. Ravichandran, S/o Mr. S. Jaganathan]	49,994 [Forty Nine Thousand Nine Hundred Ninety Four Only]	For National Stock Exchange Limited Sd/- J. Ravichandran Company Secretary	Witness 1-7 Subscribers Sd/- R. Jaykumar S/o. Mr. T. Ramaswamy  A- 401, Sungrace, Raheja Vihar, Powai, Mumbai- 400 072 Occupation: Service
2. Ravi Narain S/o Mr. Dharm Narain, 602, NEAT House, College Lane, Dadar (West), Mumbai- 400 028 Occupation: Service	1 [One]	Sd/-	
3. Chitra Ramkrishna D/o Mr. Gopalasamudram Sankaran Subramanyan 601, NEAT House, College Lane, Dadar (West), Mumbai- 400 028 Occupation: Service	1 [One]	Sd/-	
4. J. Ravichandran S/o Mr. S. Jagannathan 703, NEAT House, College Lane, Dadar (West), Mumbai- 400 028 Occupation: Service	1 [One]	Sd/-	
5. R. Sundararaman S/o Mr. S. Ramamurthy B-8, Asavari, Mrutyunjaya Apartments Co-op Housing Society Ltd. 214, Savarkar Marg, Mahim, Mumbai- 400 016	1 [One]	Sd/-	
6. R. Nanada Kumar S/o Mr. D. Radhakrishnan C-608, Sungrace, Raheja Vihar, Powai, Mumbai- 400 072 Occupation: Service	1 [One]	Sd/-	
7. Yatkrik Rushikesh Vin S/o Mr. Rushikesh R. Vin 403, NEAT House, College Lane, Dadar (West), Mumbai- 400 028 Occupation: Service	1 [One]	Sd/-	

महाराष्ट्र शासन राजपत्र, भाग दोन-संकीर्ण सूचना व जाहिराती,  
गुरुवार ते बुधवार, एप्रिल २६-मे २, २०१८/वैशाख ६-१२, शके १९४०

१०५

Total	50000 [Fifty Thousand Only]		
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Date: July 25, 2006

Place: Mumbai

Laxmikant Gupta  
Director

**THE COMPANIES ACT, 2013  
(A COMPANY LIMITED BY SHARES)  
ARTICLES OF ASSOCIATION  
OF  
NATIONAL COMMODITY CLEARING LIMITED**

**Table F not to apply**

1. The regulations contained in Table "F" in the First Schedule to the Companies Act, 2013 shall not apply to the Company except in so far as the same are repeated or expressly made applicable, in these Articles or by the Act.

**Company to be governed by these Articles**

2. The regulations for the management of the Company and for the observance by the Members thereof and their representatives, shall subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or addition to its regulations by special resolution, or as prescribed by the Companies Act, 2013, be such as are contained in these Articles. No provision of the Articles of Association shall operate in contravention of any provisions of Securities Contracts (Regulation) Act, 1956, Securities Contracts Regulation Rules, 1957, Securities and Exchange Board of India Act, 1992 or any Rules or Regulations and Circulars etc., issued by SEBI from time to time.

**INTERPRETATIONS**

**Marginal notes/sub-headings**

3. (1). The marginal notes/sub-headings hereto are inserted for convenience and shall not affect the construction hereof.
- (2) In these Articles and the Memorandum of Association, the following words and expressions shall have the following meaning unless excluded by the subject or the context,
  - (a) "The Act" or "the said Act" shall mean The Companies Act, 2013 and includes all rules made thereunder, clarifications, circulars, notifications and every statutory modification or replacement thereof, for the time being in force, and the relevant provisions of the Companies Act, 1956, to the extent such provisions have not been superseded by the Companies Act, 2013 or de-notified, as the case may be.
  - (b) "Banking company" shall have the same meaning as assigned to it in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949).
  - (c) "Bye-laws", "Rules" and "Regulations" means the Byelaws, Rules and Regulations of the Company made under SCRA as in force from time to time.



Explanation: "Rules" shall include Memorandum and Articles of Association of the Company.

- (d) "Board" or "Board of Directors" or "the Directors" means the collective body of the directors of the company.
- (e) "Body corporate" has the meaning assigned thereto by Section 2(11) of the Act, and shall include a company incorporated in India. The words Body Corporate' and 'Company' are used interchangeably
- (f) "Capital" means the share capital for the time being raised or authorised to be raised for the purpose of the Company.
- (g) "Chairman" and "The Chairman" means the Chairman of the Board of Directors for the time being of the Company.
- (h) "Clearing member" means an entity or a body corporate that has been admitted to membership of the Clearing Corporation pursuant to these Bye-Laws, the Rules and the Regulations and includes all categories of Clearing Members and those who have not resigned from such Membership or whose Membership has not been terminated by the Clearing Corporation or those who have not been declared as Defaulters.
- (i) "Company" or "The Company" or "This Company" or the Clearing Corporation means NATIONAL COMMODITY CLEARING LIMITED
- (j) "Company Secretary" or "Secretary" means the company secretary as defined in clause (c) of sub-section (1) of Section 2 of the Company Secretaries Act, 1980 who is appointed by the Company to perform the functions of a Company Secretary under the Act;
- (k) "Contract" means and include all types of deals in commodities, currencies, price indices, or an index based on underlying goods or activities, services, rights, interests and events, or any other Securities that are specifically approved by the SEBI as Securities for trading on an exchange and include derivatives of all or any of such contracts permitted for trading on the Concerned Exchange(s).
- (l) "Control" shall have the same meaning as assigned to it under clause (e) of sub regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or any mode.
- (m) "Debenture" includes Debenture Stock, bonds or any other instrument of a Company evidencing a debt, whether constituting a charge on the assets of the Company or not.
- (n) "Depository" shall mean a depository as defined under clause (e) of sub-section (1) of Section (2) of the Depositories Act, 1996.
- (o) "Derivative" means the derivative as defined in Section 2 (ac) of the Securities Contracts (Regulation) Act, 1956;
- (p) "Director" means the Director for the time being of the Company and member of the Board of Directors of the Company.
- (q) "Dividend" includes any interim dividend.

- (r) "Document" includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of the Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form;
- (s) "Exchange" means a commodity derivatives exchange that is demutualized, has an electronic trading platform and is permitted to assist, regulate or control the business of buying, selling or dealing in derivatives on all commodities as notified by the Central Government from time to time and includes stock exchange recognized by Central Government under Section 4 of the Securities Contract (Regulation) Act, 1956.
- (t) "Extraordinary General Meeting" means a general meeting of the Members of the Company other than Annual General Meeting, duly called and constituted and any adjourned holding thereof.
- (u) "Executive Committee" means the Executive Committee(s) constituted and appointed by the Board pursuant to and in the manner prescribed in these Articles to manage day-to-day affairs of the Company. A member of the Executive Committee shall be called an "Executive Committee member".
- (v) "Fit and proper" shall mean the Fit and proper criteria as laid down in the SEBI SECC Regulations or such other regulations as may be issued by SEBI in this regard.
- (w) "General Meeting" means a meeting of the Members of the Company
- (x) "Goods" mean the meaning assigned to it in section 2 (bb) of SCRA.
- (y) "Independent Director" means a person as defined in Section 149(6) of the Act and shall include Public Interest Director as defined elsewhere. Public Interest Director means an independent director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the SEBI, is in conflict with his role as such in the Clearing Corporation
- (z) "insurance company" shall have the same meaning as assigned to it in sub-section (8) of section 2 of the Insurance Act, 1938 (4 of 1938).
- (aa) "In writing" or "Written" includes handwriting, typewriting, printing, lithography, fax, downloading through computers, broadcast through the Trading System, e-mail and/or other modes of representing or reproducing words in visible form.
- (bb) "Key Managerial Personnel" shall mean any person defined as key managerial personnel in Section 2(51) of the Companies Act, 2013 or serving as head of any department in the Company or in such senior executive position that stands higher in hierarchy to the head(s) of department(s) in the Company or in any other position as declared the Board of Directors and shall include those as may be stipulated in SECC Regulations, 2012, SEBI and/or other regulators.
- (cc) "Managing Director" means Managing Director as defined under Section 2(54) of the Act, or in his absence any executive director, by whatever name called.
- (dd) "Member (Shareholder)" means a person:
  - a. whose name is entered in the Register of Members of the Company as holding any Share(s) either solely or jointly;
  - b. Subscriber to the Memorandum of the Company;
  - c. Beneficial Owner(s) in the records of depository;



A member of the company (shareholder) by virtue of his shareholding in the company shall not get any trading or clearing rights in the Exchange suo-motto. 'Member' in these presents refers to shareholders of the Company and not to a trading and/or a clearing Member admitted pursuant to Bye Laws, Rules & Regulation .

A shareholder shall hold shares in the Company in accordance with and in compliance of the guidelines in this regard issued by SEBI from time to time.

- (ee) "Memorandum of Association" or "Memorandum" means the Memorandum of Association of the Company or as may be altered and adopted by the Members of the Company from time to time in pursuance of any previous company law or of the Act.
- (ff) "Month" means an English calendar month.
- (gg) "Office" means the registered office for the time being of the Company.
- (hh) "Ordinary Resolution" shall have the meaning assigned to it by Section 114(1) of the Act.
- (ii) "Paid-up Capital" includes amounts credited as paid-up capital of the company.
- (jj) "Person" includes any corporation or company, individual, a partnership firm, a limited liability partnership, a body corporate, a corporation, a cooperative society, association of persons, bank, financial institution, public sector organisation, statutory corporation, a government department or Non-Government entity or such other person as the Board of Directors may decide from time to time.
- (kk) "Persons acting in concert" in the context of acquisition or holding of shares or voting rights or control shall mutatis mutandis have the same meaning as assigned to it in clause (q) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or any modification thereof;
- (ll) "Presence" or "Present" at a Meeting means presence or present personally.
- (mm) "person resident in India" shall have the same meaning as assigned to it in clause (v) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999).
- (nn) "person resident outside India" shall have the same meaning as assigned to it in clause (w) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999).
- (oo) "foreign portfolio investor shall have the same meaning as provided under Regulation 2(1) (h) of under the SEBI ( Foreign Portfolio Investors) Regulation .2014
- (pp) "Registrar" or "The Registrar" means the Registrar of Companies having jurisdiction over the Company.
- (qq) "Regulations" or "The Regulations" means the Regulations of the Clearing Corporation for the time being in force and include business rules, code of conduct, circulars, notices and such other regulations prescribed by the Board of Directors or relevant authority from time to time for the operations of the Corporation.
- (rr) "Regulatory department" means a department of the Company as per provisions contained in Procedural Norms which is entrusted with regulatory powers and duties and includes such department as may be specified by SEBI.

- (ss) "Recognized Clearing Corporation" shall mean a Clearing Corporation as defined elsewhere, which is for the time being recognised by the Central Government and/or SEBI under the provisions of SCRA.
  - (tt) "Record" includes the records maintained in the form of books or stored in computer or in such other form as may be determined by regulation made by SEBI in relation to the Depositories Act, 1996.
  - (uu) "Register" means the Register of the Members to be kept pursuant to Section 88 of the Act.
  - (vv) "SCRA" means Securities Contracts (Regulation) Act, 1956 and include any statutory modification or re-enactment thereof for the time being in force.
  - (ww) "SECC Regulations" means Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and include any statutory modification or re-enactment thereof, Circulars and guidelines issued, for the time being in force.
  - (xx) "Securities and Exchange Board of India/SEBI" means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.
  - (yy) "Seal" means the common seal of the Company adopted by the Board of Directors for the time being
  - (zz) "Secretarial Standards" shall mean standards issued by the Institute of Company Secretaries of India and approved by the Central Government from time to time.
  - (aaa) "Securities" means the securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956;
  - (bbb) "Special Resolution" shall have the meaning assigned thereto by Section 114 of the Act.
  - (ccc) "Shareholder director" means a director who represents the interest of shareholders, and elected or nominated by such shareholders who are not trading members or clearing members, as the case may be, or their associates and agents;
  - (ddd) "Tribunal" means the National Company Law Tribunal constituted under sub-section (1) of Section 408 of the Act.
  - (eee) "Whole-Time Director" includes a Director in the whole-time employment of the Company;
  - (fff) "Year" means "Financial Year of the Company"
3. The words and expressions used and not defined in these Articles but defined in the Rules or Regulations or the Bye-Laws of the Company or in the Companies Act, 2013 or the SCRA or SECC Regulations or any other law as may be applicable to the Company from time to time, shall have the meanings respectively assigned to them in those Acts or Rules or Regulations and in case of any discrepancy, the interpretation as may be taken by the Board of the Company shall be final and binding on all associated with the Company.
  4. Words importing the singular shall include the plural and vice versa.

5. Words importing the masculine gender shall include the feminine gender and vice versa and neutral gender in the case of companies, corporations, firms, etc.

#### NET WORTH

4. The Company shall have such minimum networth at all times as may be prescribed by SEBI from time to time.

Provided, the Company shall not distribute dividend as long as the Company does not meet minimum Net worth requirement mandated under SECC Regulation.

Further networth of a clearing corporation means the aggregate value of its liquid assets calculated in the manner as specified by the SEBI from time to time.

#### SHARE CAPITAL

##### 5. Authorised Share Capital

1. (a) The Authorised Share Capital of the Company, from time to time, would be as per clause V (a) of the Memorandum of Association of the Company.

##### Power to Increase or reduce capital

- (b) The Company has power from time to time by Ordinary resolution, increase its capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, cumulative, convertible, guarantee, deferred, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with these presents and to vary, modify or abrogate any such right, privileges or conditions or restrictions in such manner as may of for the time being be permitted by these presents or the legislative provisions for the time being in force in that behalf.

The company may, by Special Resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law, its share capital; any capital redemption reserve account; or any share premium account.

- (2) The minimum paid up capital of the Company shall be Rs 5,00,000/-(Rupees Five Lakhs only)

##### Register of Members and Debenture-holders, etc.

6. The Company shall cause to be kept a Register of Members indicating separately for each class of equity and preference shares held by each member residing in or outside India; a Register of Debenture-holders and a Register of any other Security holders in accordance with Section 88 of the Act.  
Every such register maintained shall include an index of the names included therein.

##### Foreign Register of Members or Debenture-holders

7. The Company may in accordance with Section 88(4) of the Act, keep in any country outside India, a part of the register(s) maintained in accordance with Section 88, called foreign register containing the names and particulars of the members, debenture-holders, other security holders or beneficial owners resident in that country.

Inspection of Register of Members and Debenture-holders, etc.

8. The registers and their indices maintained pursuant to Section 88 and copies of returns prepared pursuant to section 92 of the Act shall, except when they are closed under the provisions of the Act, be open for inspection during business hours, at such reasonable time on every working day as the board may decide,



by any member, debenture-holder, other security holder or beneficial owner without payment of any fees and by other person on payment of such fees as may be prescribed.

Any such member, debenture-holder, other security holder or beneficial owner or any other person may take extracts from any register, or index or return without payment of any fee; or require a copy of any such register or entries therein or return on payment of such fees as may be prescribed.

Such copy or entries or return shall be supplied within seven days of deposit of such fee.

#### Restriction on allotment

9. The Directors shall observe the restriction as to allotment contained in Sections 39 and 40 of the Act and shall cause to be made the Returns as to allotment provided for in Section 39(4) of the Act.

#### Shares at the disposal of the Directors

10. Subject to the provisions of the Act and these Articles, the shares in the Capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

#### Directors may allot shares as fully paid-up or partly paid-up

11. Subject to the provisions of The Act and these Articles, the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property sold or goods transferred or machinery supplied or for services rendered to the Company and any shares which may be so allotted may be issued as fully paid-up or partly paid-up and if so issued shall be deemed to be fully paid-up shares or partly paid-up shares.

#### Acceptance of Shares

12. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles; and any person who thus or otherwise accepts any shares and whose name is in the Register shall for the purpose of these Articles be a Member.

#### Company not bound to recognise any interest in shares other than that of the registered holders

13. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears in the Register of Members as the holder of any shares as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

#### Company's funds may not be applied in purchase of or lent on shares of the Company

14. a) Except to the extent and in the manner prescribed by the provisions relating to reduction of capital (Section 67 or its re-enactment) and provisions relating to buy-back of shares and securities (Section 68 or its re-enactment) of the Act no part of the funds of the Company shall be employed in the purchase of or lent on the security of the shares of the Company. Without prejudice to the foregoing, the Company shall have the power and authority to purchase its own shares or other specified securities in accordance with the provisions of Section 68 to 70 of the Act.

#### Power to issue Employee Stock Options (ESOP)

- b) The Company through its Board of Directors/Committee of the Board shall have the power to formulate an Employee Stock Option Plan for the benefit of its employees and for the benefit for the employees of its holding/subsidiary(ies) company(ies) if any. Such an ESOP Plan will be in consonance with the prevailing guidelines, rules, regulations as may be applicable to the Company from time-to-time.

#### Power to issue Sweat Equity

c).The Company through its Board of Directors/committee of the Board shall have the power subject to the provisions of Section 54 of the Act or its re-enactment issue sweat equity of equity shares after complying with the requirements of the Act and/or any other regulations issued by any regulatory authority as applicable to the Company.

d) The Company shall not grant any sweat equity or grant options under such ESOP plan(s) to its directors and/or to its key managerial personnel.

#### Liability of Members

15. Every Member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares, which may for the time being remain unpaid thereon, in such amounts at such time or times and in such manner as the Board shall, from time to time, require or fix payment thereof.

#### Trusts not recognised

16. Except as ordered by a Court of Competent Jurisdiction or as provided by The Act, no notice of any trust, expressed or implied or constructive, shall be entered on the Register of Members or of Debenture- holders of the Company.

### MODIFICATION OF CLASS RIGHTS

Power to modify rights of different classes of shareholders and the rights of dissentient shareholders

17. (1) If at any time the share capital of the Company is divided into different classes of shares (by reason of issue of preference shares or otherwise), the rights and privileges attached to the shares of any class may, subject to provisions of the Act, and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class;
- a. if provision with respect to such variation is contained in the memorandum or articles of the Company; or
- b. in the absence of any such provision in the memorandum or articles, if such variation is not prohibited by the terms of issue of the shares of that class:

and all the provisions herein after contained as to general meetings shall mutatis-mutandis, apply to every such meeting.

If variation by one class of shareholders also affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of Section 48 and such other provisions of the Act shall apply to such variation.

(2) This Article is not to derogate from any power the Company would have had if this Article were omitted and the right of dissentient shareholders being holders of not less in the aggregate, than 10 per cent of the issued shares of that class, being persons who did not consent to or vote in favour of the Resolution for the variation, to apply to the Tribunal to have the variations or modifications cancelled as provided in Section 48 of the Act.

### UNDERWRITING COMMISSION

Commission for placing shares

18. Subject to the provisions of Section 40(6) of the Act and the rules made there under, the Company may pay commission to any person in connection with the subscription or procurement of subscription to its



securities, whether absolute or conditional. The commission may be paid out of the proceeds of the issue or the profit of the company or both.

The Company shall pay or agreed to be paid commission to any person at rates as mentioned under the Act.

Brokerage

19. The Company may also, on issue of such shares pay such brokerage as the Board may deem fit.

## CERTIFICATES

Certificates how to be issued

20. The certificate of title to shares shall be issued and shall bear the signature of two Directors or persons acting on behalf of the Directors under a duly constituted Power of Attorney or some other persons appointed by the Board for the purpose. The certificate of such shares shall, subject to provisions of Section 56(4) of the Act, be delivered in accordance with the procedure laid down in Section 20 of the Act within three months after the allotment or within two months after the application for the registration of the transfer of such share as the case may be unless the conditions of issue of the shares otherwise provide; provided always that notwithstanding anything contained in these Articles, the certificate of title to shares may be executed and issued in accordance with such other provisions of the Act or rules made thereunder, as may be in force for the time being and from time to time.

Member's right to Certificates

21. (1) Every Member shall be entitled without payment to one certificate for all the shares of each class or denomination registered in his name or, if the Directors so approve (upon paying such fee or fees or at the discretion of the Directors without payment of fees as the Directors may from time to time determine) to several certificates each for one or more shares of each class. Every certificate of shares shall specify the number of shares in respect of which it is issued and the amount paid thereon and shall be in such form as the Directors shall prescribe or approve. Where a Member has transferred a part of the shares comprised in his holding he shall be entitled to a certificate for the balance without charge.

- (2) Notwithstanding anything contained hereinabove, the Board may, in its absolute discretion, refuse applications for sub-division or consolidation of share certificates, debenture or bond certificates, into denomination of less than marketable lot except when such sub-division or consolidation is required to be made to comply with a statutory provision or on order of a competent court of law.

(3) In respect of any share or Shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Provided, however, no Share certificate(s) shall be issued for Shares held by the "Beneficial Owner(s)" with the depository.

As to issue of new certificate in place of one defaced, lost or destroyed.

22. (1) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate, is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given.

Every certificate under this Article shall be issued on payment of not exceeding fifty rupees for each certificate. These provisions shall mutatis mutandis apply to the debentures of the company.

- (2) The manner of issue or renewal of a certificate or issue of a duplicate thereof, the form of a certificate (original



or renewed) or of a duplicate thereof, the particulars to be entered in the Register of Members or in the Register of renewed or duplicate certificates, the form of such Registers, the fee on payment of which, the terms and conditions on which a certificate may be renewed or a duplicate thereof may be issued, shall be such as prescribed by the Companies (Share Capital & Debentures) Rules, 2014 as amended from time to time or any other rules in substitution or modification thereof

## CALLS

### Calls

23. The Board may, from time to time, make calls upon the Members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

Each Member shall, subject to receiving at least fourteen days notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Calls on shares of the same class to be on uniform basis

24. Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

Board may extend time

25. The Directors may from time to time, at their discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Members whom the Directors may deem entitled to such extension but no Member shall be entitled to any such extension save as a matter of grace and favour.

Amount payable at fixed time or by installments as call

26. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the amount of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

Deposit and calls, etc. to be a debt payable immediately

27. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sums becomes payable.

When interest on call or installment payable

28. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate as the Board may determine.

The Board shall be at liberty to waive payment of any such interest wholly or in part.

Payment in anticipation of calls may carry interest

29. The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him and upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve percent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

The Directors may at any time repay the amount so advanced upon giving to such Member one month's notice in writing; provided the Member shall not be entitled to any voting rights in respect of the monies so paid by him until the same would, but for such payment, become presently payable.

Evidence in action by Company against shareholders

30. On the trial or hearing of any action or suit brought by the Company against any Member or his legal representatives for recovery of any moneys claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member, in respect of whose shares the moneys are sought to be recovered, is entered in the Register of Members as a Member/as one of the Members at or any subsequent date on which the moneys sought to be recovered are alleged to have become due on the shares, and the resolution making the call is duly recorded in the Minutes Book, and the notice of such call was duly given to the member, holder or joint holder or his legal representatives issued in pursuance of these Articles. It shall not be necessary to prove the appointment of Directors who made such call, nor that the quorum of Directors was present at the Board at which any such call was made had been duly convened or constituted, nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

#### FORFEITURE, SURRENDER AND LIEN

Members not entitled to privileges of membership until all calls are paid

31. No Member shall be entitled to receive any dividend or exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any person, together with interest and expenses, if any.

If call or installment not paid, notice must be given

32. If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and all expenses (legal or otherwise) that may have been paid or incurred by the Company by reason of such non-payment.

Form of Notice

33. The notice shall name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made and



state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

In default of payment shares to be forfeited

34. If the requisitions of any such notice as aforesaid are not complied with, any of the shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interest and expenses or the money due in respect thereof, be forfeited by resolution of the Directors to that effect. Such forfeiture shall, subject to the provisions of The Act, include all dividends and/or bonus declared or any other monies payable in respect of the forfeited shares and not actually paid before the forfeiture.

Application of forfeiture provisions

35. The provisions of the Articles as to the forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, as if the same had been payable by virtue of a call duly made and notified.

Entry of forfeiture in Register of Members

36. When any share shall have been forfeited, an entry of the forfeiture with the date thereof shall be made in the Register of Members.

Forfeited shares to be property of the Company and may be sold, etc.

37. Any share so forfeited shall be deemed to be the property of the Company and may be sold, reallocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Directors shall think fit.

Power to annul forfeiture

38. At any time before a sale or disposal of any shares so forfeited, the Board may cancel the forfeiture on such terms as it thinks fit.

Shareholders still liable to pay money together with interest owing at the time of forfeiture

39. (1) Any Member whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, instalments, interests, expenses and other monies owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rates as may be prescribed by the Directors and the Directors may enforce the payment of the whole or a portion thereof if they think fit but shall not be under any obligation to do so.

(2) The liability of such member shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

Surrender of share(s)

40. The Directors may subject to the provisions of The Act accept surrender of any share(s) from or for any member desirous of surrendering on such terms as they think fit.

Company's lien on shares

41. The Company shall have no lien on its fully paid shares. In the case of partly paid up shares, the Company shall have a first and paramount lien only for all monies (whether presently payable or not) called or payable at a fixed time in respect of such shares and on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or

his estate to the company. Any such lien shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

### Enforcing lien by sale

42. The company may sell, in such manner as the Board thinks fit, any shares in which the company has a lien.

To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.

The purchaser shall be registered as the holder of the shares comprised in any such transfer.

The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made unless a sum in respect of which the lien exists is presently payable or until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount, in respect of which the lien exists is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

### Application of proceeds of sale

43. The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards the satisfaction of the debt or liability in respect whereof the lien exists so far as the same is presently payable and the residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of sale.

### Certificate of forfeiture

44. A certificate in writing under the hands of any Director, Manager or the Secretary of the Company that the call in respect of a share was made and that the forfeiture of the share was made by a resolution of the Directors to that effect shall be conclusive evidence of the fact stated therein as against all persons entitled to such shares.

### Title of purchaser and allottee of forfeited shares

45. The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

The transferee shall thereupon be registered as the holder of the share; and

The transferee shall not be bound to see the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the same and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.



Partial payment not to preclude forfeiture

46. Neither a judgement nor a decree in favour of the Company for calls or other monies due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any money shall preclude the forfeiture of such shares as herein provided.

**ELIGIBILITY FOR ACQUIRING OR HOLDING SHARES.**

47. (i). Notwithstanding anything contained in these Articles, no person shall, directly or indirectly, acquire or hold any equity shares of Clearing Corporation unless he is a fit and proper person, as per criteria prescribed by SEBI.

(ii). Any person who, directly or indirectly, either individually or together with persons acting in concert, acquiring equity shares of the Clearing Corporation such that his shareholding in the Clearing Corporation exceeds two per cent of the paid up equity share capital of Clearing Corporation, shall seek approval of SEBI within fifteen days of the acquisition.

(iii). Any person eligible to acquire or hold more than five per cent of the paid up equity share capital under sub-Article (ii) above (shareholding in Clearing Corporation), may acquire or hold more than five percent of the paid up equity share capital of Clearing Corporation, only if, he has obtained prior approval of SEBI.

(iv). If approval under sub-Article (ii) above is not granted by SEBI to any person, such person shall forthwith divest his excess shareholding, if any.

(v). Any person holding more than two per cent of the paid up equity share capital in Clearing Corporation shall file a declaration with the Clearing Corporation within fifteen days from the end of every financial year that he complies with the fit and proper criteria prescribed by SEBI.

(vii). In the event of any person ceasing to be a 'fit and proper person' or being declared so, by SEBI, such person shall forthwith divest his shareholding in the Clearing Corporation. Further, pending divestment of shares, the voting rights of such person in the Clearing Corporation shall stand extinguished and any corporate benefit in lieu of such holding shall be kept in abeyance /withheld by Clearing Corporation. The Clearing Corporation shall take necessary steps, as it may deem fit, so as to ensure that the shareholding of such person is divested forthwith.

For the purposes of these Articles, a person shall be deemed to be a fit and proper person, as per directives of SEBI, as amended from time to time and which, at present, are as follows –

(a) such person has a general reputation and record of fairness and integrity, including but not limited to –

- (i) financial integrity;
- (ii) good reputation and character; and
- (iii) honesty;

(b) such person has not incurred any of the following disqualifications —

- (i) the person, or any of its whole time directors or managing partners, has been convicted by a Court for any offence involving moral turpitude or any economic offence, or any offence against the securities laws;
- (ii) an order for winding up has been passed against the person;
- (iii) the person, or any of its whole time directors or managing partners, has been declared insolvent and has not been discharged;
- (iv) an order, restraining, prohibiting or debarring the person, or any of its whole time directors or managing partners from dealing in commodity derivatives or securities or from accessing the commodity derivative or securities market, has been passed by SEBI or any other regulatory authority, and a period of three years from the date of the expiry of the period specified in the order has not elapsed;
- (v) any other order against the person, or any of its whole time directors or managing partners, which has a bearing on the securities market, has been passed by SEBI or any other regulatory authority and a period of three years from the date of the order has not elapsed;
- (vi) the person has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force; and
- (vii) the person is financially not sound.

The question arising as to whether a person is a fit and proper person, the decision of SEBI in this behalf shall be final.

#### SHAREHOLDING IN A RECOGNISED CLEARING CORPORATION.

48. (i). Atleast fifty one per cent. of the paid up equity share capital of a recognized clearing corporation shall be held by one or more recognized stock exchange(s):

Provided that no recognized stock exchange shall, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than fifteen per cent. of the paid up equity share capital in more than one recognized clearing corporation.

- (ii). No person resident in India, except a recognized stock exchange as permitted in sub-article (i) above, shall at any time, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than five per cent. of the paid up equity share capital in a recognized clearing corporation:

Provided that,—

- (i) a depository;
- (ii) a banking company;
- (iii) an insurance company; and
- (iv) a public financial institution,

may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, up to fifteen per cent. of the paid up equity share capital of a recognized clearing corporation.

- (iii). No person resident outside India shall, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than five per cent. of the paid up equity share capital in a recognized clearing corporation.

- (iv). Subject to the limits as otherwise prescribed by the Central Government from time to time, the combined holding of all persons resident outside India in the paid up equity share capital of a recognized clearing corporation shall not exceed, at any time, forty- nine per cent of its total paid up equity share capital



(v).The Clearing Corporation shall monitor and at all times ensure compliance with the requirements and guidelines in this regard, issued by SEBI.

(vi). (i) The shareholding or voting rights of any person in the recognised Clearing Corporation shall not exceed the limits specified in these Articles.

(ii) Further, the shareholding as specified in these Articles shall include any instrument owned or controlled, directly or indirectly, that provides for entitlement to equity or rights over equity at any future date.

(vii) Without prejudice to the provisions of the SCRA, rules and SECC regulations, the Clearing Corporation shall disclose to SEBI, in the format specified by the SEBI, shareholding pattern on a quarterly basis within fifteen days from the end of each quarter, including therein the following:—

- (a) the names of the ten largest shareholders along with the number and percentage of shares held by them;
- (b) the names of the shareholders falling under regulations 17 and 18 of SECC Regulations who had acquired shares in that quarter.

The Clearing Corporation shall monitor and ensure compliance with the foregoing requirements at all times.

(viii).In addition to the requirements under other laws in force, the recognised Clearing Corporation shall maintain and preserve all the books, registers, other documents and records relating to the issue or transfer of its securities for a period of not less than ten years.

## TRANSFER AND TRANSMISSION OF SHARES

Transfer not to be registered except on production of instrument of transfer

49. The company shall register a transfer of securities of the company, if in accordance with the provisions of Section 56 of the Act, a proper instrument of transfer duly stamped, dated and executed by or on behalf of the transferor and the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company by the transferor or the transferee within a period of sixty days from the date of execution, along with the certificate relating to the securities, or if no such certificate is in existence, along with the letter of allotment of the shares or debentures provided that where, on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit; provided further that nothing in this Article shall prejudice the power of the company to register, on receipt of an intimation of transmission of any right to any securities by operation of law from any person to whom such right has been transmitted.

Form of transfer

50. The instrument of transfer shall be in writing in the form SH-4 as prescribed in the rules made under sub-section (1) of section 56 of the Act.

Transfer by legal representative

51. A transfer of shares or other interest in the Company of a deceased Member thereof made by legal representative shall, although the legal representative is not himself a Member, be as valid as if he had been a Member at the time of the execution of the instrument of transfer.

Application for registration of transfer

52. (i) An application for the registration of a transfer of any share or shares may be made either by the transferor or by the transferee.

(ii) Where the application is made by the transferor alone and relates to partly paid up shares, the transfer shall not be registered, unless the Company gives notice of the application, in such manner as may be prescribed in the rules made under sub-section (3) of section 56, to the transferee and the transferee gives no objection to the transfer within two weeks from the receipt of the notice..

(iii) For the purpose of sub-article (2), notice to the transferee shall not be deemed to have been duly given unless it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer, and if so despatched shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post

Company's power to refuse transfer

53. Nothing in these Articles shall prejudice the powers of the Company to refuse to register the transfer /transmission of any shares, giving reasons for such refusal.

Transferor liable until the transferee's name entered in Register

54. The transferor shall be deemed to remain the holder of any shares until the name of the transferee is entered into the Register of Members in respect thereof.

Register of Transfers to be kept

55. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

Rectification of register on transfer

56. Subject to the provisions of section 58 of the Act, the securities or other interest of any member of the company shall be freely transferable; provided that if the company without sufficient cause refuses to register the transfer of securities within a period of thirty days from the date on which the instrument of transfer or the intimation of transmission, as the case may be, is delivered to the company, the transferee may appeal to the Tribunal in the manner provided under the above mentioned section.

No transfer to minor, etc.

57. No transfer shall be made to a person who is a minor or of unsound mind. However, subject to the provisions of The Act, the Directors may at their absolute discretion, approve a minor becoming a Member of the Company on such terms as the Directors may stipulate.

Custody of transfer instruments

58. The instrument of transfer shall, after registration, be retained by the Company and shall remain in its custody. All the instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

Closure of transfer books

59. In accordance with section 91 and the rules made there under, the Board shall have the power to close the register of members or the register of debenture-holders or the register of other security holders for any period or periods not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time



Title to shares of deceased holder

60. The executors or administrators of a deceased Member or holder of a succession certificate or other legal representation in respect of shares of a deceased Member where he was a sole or only surviving holder shall be the only person whom the Company may recognise as having any title to the shares registered in the name of such Members and the Company shall not be bound to recognise such executors or administrators unless they have first obtained Probate or Letters of Administration or such holder is the holder of a Succession Certificate or other legal representation as the case may be from a Court of competent jurisdiction in India; provided that, in any case where the Directors in their absolute discretion think fit, the Directors may dispense with production of Probate or Letters of Administration or succession certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion think necessary and register the name of any person who claims to be absolutely entitled to the share(s) standing in the name of a deceased Member as a Member.

Registration of persons entitled to shares other than by transfer

61. Any person becoming entitled to any shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member or by any lawful means, other than by a transfer in accordance with these Articles, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title, as the Directors shall require either be registered as a Member in respect of such shares or may, subject to the regulations as to transfer in these Articles contained, transfer such shares to some other persons. This Article is in these Articles referred to as the "the Transmission Clause".

Refusal to register nominee

62. The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer for registration.

Board may require evidence of transmission

63. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

Fee on transfer or transmission

64. No fee shall be payable to the Company in respect of transfer or transmission of any shares in the Company.

Nomination of shares

65. (1) Every holder of shares in, or holder of debentures of, the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the Company shall vest in the event of his death.

(2) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.

(3) Notwithstanding any contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of, the Company, where a nomination made in the prescribed manner purports to confer and on any person the right to vest the shares in, or debentures of, the Company, the nominee shall, on the death of the shareholder or holder of debentures of, the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company or, as the case may be, all the joint holders, in relation to such shares in, or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

(4) Where the nominee is a minor, it shall be lawful for the holder of shares, or holder of debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of, the Company, in the event of his death, during the minority.

#### Transmission of shares

66. (1) Any person who becomes a nominee by virtue of the provisions of Article 65, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either (a) to be registered himself as holder of the share or debenture, as the case may be; or (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.

(2) If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

(3) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.

(4) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company; provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

#### The Company not liable for disregard of a notice prohibiting registration of transfer

67. The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by the apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to them of any equitable title or interest or be under liability whatsoever for refusing or neglecting so to do though it may have been entered or referred in some book of the



Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

#### Transfer of Debentures

68. The provisions of these Articles shall, mutatis mutandis, apply to the allotment and transfer of or the transmission by law of the right to Debentures of the Company.

### DEMATERIALISATION OF SECURITIES

#### Dematerialisation of securities

69. (1) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

#### Options for investors

(2) Every person subscribing to securities offer by the Company shall have the option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

#### Beneficial owners of securities

(3) If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

#### Securities in depositories to be in fungible form

(4) All the securities held by a depository shall be dematerialized and be infungible form.

#### Rights of depositories and beneficial owners

(5) (a) Notwithstanding anything to the contrary contained in The Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

#### Service of documents

(6) Notwithstanding anything in The Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

#### Transfer of securities

(7) Nothing contained in Section 56 of The Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of securities dealt with in a depository

(8) Notwithstanding anything in The Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive numbers of securities held in a depository

(9) Nothing contained in The Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register and index of beneficial owners

(10) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

## CONVERSION OF SHARES INTO STOCK

Conversion of shares into stock and reconversion

70. The Directors, with the sanction of a resolution of the Company in General Meeting, may convert all or any of its fully paid-up shares into stock and may reconvert that stock into fully paid-up shares of any denomination.

Where any shares have been converted into stock,

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit the several holders of such stock may thenceforth transfer their respective interests therein or any part of such interest in the same manner and subject to the same regulations as and subject to which fully paid up shares in the Company's capital may be transferred or as near thereto as circumstances will admit.

(b) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stockholder" respectively.

Right of stockholders

71. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

## INCREASE, REDUCTION AND ALTERATION OF CAPITAL

Increase of Capital

72. The Company may, from time to time, in General Meeting increase its share capital by the creation of new shares of such amount as it thinks expedient and the new shares shall, subject to the provisions of The Act and these Articles, be created upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting creating the same shall direct and if no such directions be given, as the Directors shall determine.



Further issue of capital

73. The new shares (resulting from an increase of capital as aforesaid) may, subject to the provisions of The Act and these Articles, be issued or disposed of by the Company in the General Meeting or by the Directors under their powers in accordance with these Articles and the following provisions: -

1.(a) Such new shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company in proportion as nearly as circumstances admit to the capital paid-up on those shares at the date;

(b) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer, within which the offer, if not accepted, will be deemed to have been declined;

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in clause (b) shall contain a statement of this right;

(d) After the expiry of time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that the person declines to accept the shares offered, the Board of Directors may dispose off them in such manner as they think most beneficial to the Company;

2. Nothing in clause (c) of sub-article (1) shall be deemed:-

(a) to extend the time within which the offer should be accepted; or

(b) to authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

Shares under control of General Meeting

74. In addition to and without derogating from the powers for the purpose conferred on the Directors under Article 10, the Company in the General Meeting may in accordance with the provisions of Section 62 of the Act determine that any shares (whether forming part of the original capital of the Company or not) shall be offered to such persons (whether Members or holders of Debentures of the Company or not) in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Section 53 of the Act) as such General Meeting shall determine.

Same as original capital

75. Except so far as otherwise provided by the conditions of issue or by these Articles any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmissions, forfeiture, lien, surrender, voting and otherwise.

Reduction of capital

76. Subject to the provision of Section 66 of the Act, the Company may from time to time, by special resolution, reduce its share capital in any way authorized by law and in particular may pay off any paid up share capital upon the footing that it may be called up again or otherwise and may and if and so far as is necessary alter its Memorandum of Association by reducing the amount of its share capital and of its share accordingly.

Division and sub-division

77. The Company may in the General Meeting by ordinary resolution alter the conditions of its Memorandum of Association so as to :-

- (1) Consolidate and divide all or any of its shares into shares of larger amount than its existing shares.
- (2) Sub-divide shares or any of them into shares of smaller amount than originally fixed by the Memorandum of Association subject nevertheless to the provisions of the Act in that behalf. Subject to these Articles, the resolution by which any shares are sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of such shares may be given any preference or advantage or otherwise over the others or any other such shares.
- (3) Cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

## JOINT HOLDERS OF SHARES

Joint holders of share

78. Where two or more persons are registered as the holders of any share, the person first named in the Register shall be deemed the sole holder for matters connected with the Company subject to the following and other provisions contained in the Articles :

- (1) The Company shall be entitled to decline to register more than three persons as the joint holders of any share.
- (2) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.
- (3) On the death of any such joint holders, the survivor(s) shall be the only person(s) recognised by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person(s).
- (4) Any one of such joint holders may give effectual receipts for any dividends or other monies payable in respect of such share.
- (5) Only the person whose name stands first in Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive document (which expression shall be deemed to include all documents mentioned in the Article 195) from the Company and any notice given to or document served on such person shall be deemed service on all the joint holders.
- (6) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders are present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) in the Register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that the joint holder present at the meeting personally shall be entitled to vote in preference to a joint holder present by attorney or by proxy stands first or higher (as the case may be) in the Register in respect of such shares. Several executors or administrators of a deceased Member in whose (deceased





way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Register of Charges to be kept

85. The Company shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company; and shall cause the requirement of Sections 71, 77, 79, 82 and 85 of the Act in that behalf to be duly complied with, so far as they fail to be complied with by the Board.

#### MEETINGS

Annual General Meeting

86. The Company shall in each year hold, in addition to other meetings, a general meeting which shall be styled as its "Annual General Meeting" in accordance with the provisions of Section 96 of the Act.

Extra-Ordinary General Meetings

87. All general meetings other than Annual General Meeting shall be called Extra-ordinary General Meetings.

Calling of Extraordinary General Meeting

88. (1) The Board may, whenever they think fit, and shall, on the requisition of such number of Members of the Company as is hereinafter specified, forthwith proceed to call an Extra-ordinary General Meeting of the Company.

(2) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.

(3) The requisition may consist of several documents in like form, each signed by one or more requisitionists.

(4) The number of Members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of deposit of the requisition, not less than one-tenth of such of the paid-up capital of the Company as at the date carries the right of voting in regard to that matter.

(5) Where two or more distinct matters are specified in the requisition, the provisions of sub-article (4) shall apply separately in regard to each such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that sub-article is fulfilled.

(6) If the Board does not, within twenty one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters, on a day not later than forty five days from the deposit of the requisition, the meeting may be called by such of the requisitionists as represent either majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in sub-article (4), whichever is less. However, for the purpose of this sub-article (4), the Directors shall, in the case of a meeting at which a resolution is to be proposed as a special resolution give, such notice thereof as is required by sub-section (2) of Section 114 of The Act.

(7) A meeting called under sub-article (6) by the requisitionists or any of them:

(a) shall be called in the same manner, as nearly as possible, as that in which the meetings are to be called by the Board, but

(b) shall not be held after the expiration of three months from the date of the deposit of the requisition; provided that nothing contained in this sub-article shall be deemed to prevent a meeting duly commenced



before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

(8) Where two or more persons hold any shares or interest in the Company jointly, a requisition, or a notice calling a meeting, signed by one or some of them only shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them.

(9) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to call a meeting shall be reimbursed to the requisitionists by the Company and any sum so reimbursed shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

#### Notice of Meeting

89. (1) A General Meeting of the Company may be called by giving not less than clear twenty one days notice in writing or through electronic mode in such manner as may be prescribed in the rules made under the Act.

(2) A General Meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than ninety-five percent of the members entitled to vote at such meeting.

#### Contents and manner of service of notice and persons on whom it is to be served

90. (1) Every Notice of a meeting of the company shall clearly specify the nature of the meeting, place, date, day and the hour of the meeting and shall contain a statement of the business to be transacted at such meeting.

(2) Notice in writing of every meeting shall be given to every Member of the company including legal representative of any deceased member or assignee of an insolvent member.

Such Notice shall also be given to the Directors and Auditors of the company, to the Secretarial Auditor, to Debenture Trustees, if any, and, wherever applicable or so required, to other specified persons.

#### Omission to give notice not to invalidate proceedings at the meeting

91. The accidental omission to give notice to or the non-receipt of notice by any Member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

#### Business at General Meetings

92. (1) In the case of an Annual General Meeting, all business to be transacted at the meeting shall be deemed special, with the exception of business relating to :

(a) the consideration of accounts, balance sheet and reports of the Board of Directors and Auditors;

(b) the declaration of a dividend;

(c) the appointment of Directors in the place of those retiring; and

(d) the appointment of, and fixing the remuneration of the Auditors; and

(2) in the case of any other General Meeting all business shall be deemed special;

(3) Where any item of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of meeting a statement setting out all material facts concerning such item of business, including in particular the nature of the concern or interest, financial or otherwise, if any therein of every Director and the Manager, if any; every other key managerial personnel; and relatives of the persons mentioned above. Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects any other company, the extent of shareholding interest in that other company of every promoter, director, manager, if any, and of every other key managerial personnel of the first mentioned company shall, if the extent of such shareholding interest is not less than two percent of the paid-up share capital of that company, also be set out in the statement.

(4) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

#### Ordinary and Special resolutions

93. (1) A resolution shall be an ordinary resolution when at a General Meeting of which the notice required under the Act has been duly given, the votes cast (whether on a show of hands, or electronically or on a poll, as the case may be) in favour of the resolution (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person or where proxies are allowed, by proxy or by postal ballot exceed the votes, if any, cast against the resolution by Members so entitled and voting.

(2) A resolution shall be a special resolution when :-

(a) the intention to propose the resolution as a special resolution has been duly specified in the notice calling the General Meeting or other intimation given to the Members of the resolution;

(b) the notice required under the Act has been duly given of the General Meeting; and

(c) the votes cast in favour of the resolution (whether on a show of hands, or electronically or on a poll, as the case may be) by Members who, being eligible so to do vote in person, or where proxies are allowed, by proxy or by postal ballot are not less than three times the number of votes, if any, cast against the resolution by Members so entitled and voting.

#### Resolution requiring special notice

94. (1) Where, by any provisions contained in the Act or in these Articles, special notice is required of any resolution, notice of the intention to move such resolution shall be given to the Company by such number of members holding not less than one per cent of total voting power or holding shares on which such aggregate sum not exceeding five lakh rupees has been paid-up on the date of the notice.

The notice referred above shall be sent by members to the company not earlier than three months but at least fourteen days before the date of the meeting at which the resolution is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the meeting.



(2) The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the meeting at least seven days before the meeting exclusive of the day on which notice is given and the day of the meeting.

Where it is not practicable to give the notice in the same manner as it gives notice of any general meetings, the notice shall be published in pursuance with the rules framed under section 114 of the Act.

#### PROCEEDINGS AT GENERAL MEETING

##### Quorum at General Meeting

95. . The quorum for the general meetings shall be as provided in Section 103 of the Act.

Members need to be personally present at a Meeting to constitute the quorum and proxies shall be excluded for determining the quorum.

##### Business confined to election of Chairman whilst chair vacant

96. No business other than the election of a Chairman shall be discussed at any General Meeting whilst the chair is vacant.

##### Chairman of General Meeting

97. The Chairman of the Board shall take the chair and conduct the Meeting. If the Chairman is not present within fifteen minutes after the time appointed for holding the Meeting, or if he is unwilling to act as Chairman of the Meeting, or if no Director has been so designated, the Directors present at the Meeting shall elect one of themselves to be the Chairman of the Meeting. If no Director is present within fifteen Minutes after the time appointed for holding the Meeting, or if no Director is willing to take the chair, the Members present shall elect, on a show of hands, one of the Directors to take the Chair. If no Director present be willing to take the Chair, the Members present shall elect, on a show of hands, one of themselves to be the Chairman of the Meeting.

##### Proceeding when quorum not present

98. Any business shall be transacted at any general meeting only when the requisite quorum is present not only at the time of commencement of business but also while transacting the business.

If within half an hour after the time appointed for the holding of a General Meeting, a quorum is not present, the meeting if commenced on the requisition of shareholders shall be dissolved and, in any other case, shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such time and place as the Directors may determine. If at such adjourned meeting also a quorum is not present within half an hour from the time appointed for holding the meeting, the Members present shall be a quorum and may transact the business for which the meeting was called.

##### Adjourned Meeting

99. The Chairman with the consent of the meeting at which the quorum is present adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place. No notice of adjourned meeting shall be necessary to be given unless the meeting is adjourned for more than thirty days.

What is to be evidence of the passing of resolution where poll not demanded

100. (1) If the members of the company are less than one thousand, at any general meeting a resolution put to vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded in the manner hereinafter mentioned, and unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority, or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence thereof without proof of the number or proportion of the votes recorded in favour of or against the resolution.

(2) If the members of the company are one thousand or more, the company shall provide the facility of voting through electronic means in compliance with the provisions of Section 108 of the Act and the rules made there under, as amended from time to time.

Provided that the company may, irrespective of the number of its members, provide the facility of voting through electronic means as stated in sub-article (2) above, if it deems fit.

Demand for poll

101. (1) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than five lakh rupees has been paid-up.

(2) The demand for a poll, may be withdrawn at any time by the person who made the demand.

Time of taking poll

102. (1) If a poll is demanded on the election of a Chairman or on a question of adjournment, it shall be taken forthwith and without adjournment.

(2) A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made, as the Chairman may direct.

Rights of a Member to use his votes differently

103. On a poll taken at a meeting of the Company, a Member entitled to more than one vote, or his proxy or other persons entitled to vote for him as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Scrutinizers at poll

104. (1) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinise the votes given on the poll and to report thereon to him.

(2) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutinizer from office and to fill vacancies in the office of the scrutinizer arising from such removal or from any other cause.



(3) Of the two scrutinizers appointed under this Article, one shall always be a Member (not being an Officer or employee of the Company) present at the meeting, provided that such a Member is available and willing to be appointed.

Manner of taking poll and result thereof

105. (1) Subject to the provision of The Act, the Chairman of the meeting shall have the power to regulate the manner in which a poll shall be taken.

(2) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Motion how decided in case of equality of votes

106. In the case of equality of votes, whether on show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which a poll is demanded, shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a Member.

Demand for poll not to prevent transaction of other business

107. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

Minutes of General Meetings

108. (1) The Company shall cause minutes of all proceedings of General Meetings to be entered in books kept for that purpose within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered. The Minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat. All the appointments of officers made at any of the meetings shall be included in the minutes of the meeting. Any such minutes, if purported to be signed by the Chairman of the meeting at which the proceedings took place or in the event of the death or inability of that Chairman by a Director duly authorised by the Board for the purpose, shall be evidence of the proceedings.

(2) The Minutes may be maintained in the books in the form of a binder containing loose leaves in the manner prescribed by the Central Government.

Inspection of Minute books

109. The books containing minutes of proceedings of General Meetings of the Company shall be kept at the Registered Office of the Company and shall be open to the inspection of any Member without charge between 11 a.m. and 1.00 p.m. on all working days.

Copies of Minutes

110. Any Member shall be entitled to be furnished, within seven working days after he has made a request in that behalf to the Company with a copy of any minutes referred to above, on payment of such fees as may be prescribed by the Act.

## VOTES OF MEMBERS

Voting of Members

111. Subject to any rights or restrictions for the time being attached to any class or classes of shares-

(1) upon a show of hands every Member of the Company entitled to vote and present in person or by attorney or proxy shall have one vote; and

(2) upon a poll or electronic voting, every Member of the Company who being an individual is present in person or by attorney or by proxy or being a corporation is present by a representative or proxy shall have a voting right in proportion to his share of the paid-up equity share capital of the Company as on the date of the meeting or on the cut-off date fixed for such purpose.

#### Voting by Corporations

112. (1) A corporation / institution / company / organization / society, or any other body corporate, may if it is Member, by a resolution of the Board of Directors or other governing body in accordance with the provisions of Section 113 of the Act, authorize such person as it thinks fit to act as its representative at any meeting of the company, or at any meeting of any class of members of the company.

(2) The production at the meeting of a copy of such resolution duly signed by one Director of such corporation or by a member of its governing body or any person authorized in this behalf and certified by him as being a true copy of the resolution shall on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment.

(3) A person authorised by a resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by a proxy and by postal ballot) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, creditor or holder of debentures of the company.

113. No Member shall be entitled to vote either personally or by proxy for another Member at any General Meeting or meeting of a class of shareholders either upon a show of hands or upon poll or electronically in respect of any shares registered in his name on which any call or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

114. Any person entitled under the transmission clause to transfer any shares may vote at General Meetings in respect thereof as if he was the registered holder of such shares provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

#### Qualification of proxy

115. (1) Any Member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself, but a proxy so appointed shall not have any right to speak at the meeting and shall not be entitled to vote except on a poll.

(2) In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a Member.

#### Votes may be given by proxy or attorney

116. Votes may be given either personally or by attorney or by proxy or in case of a corporation/institution/company/organisation/society also by a representative duly authorised as aforesaid.



Execution of instrument of proxy

117. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney or if such appointer is a company or corporation, if any or under the hand of a person duly authorized by such company or corporation in that behalf or under the hand of its attorney who may be the appointer.

Deposit of instrument of appointment of proxy and inspection

118. No person shall act as proxy unless the instrument of his appointment and the Power of Attorney or other authority, if any, under which it is signed or a copy of that Power of Attorney or other authority, duly certified by a Notary Public, shall be deposited at the Office at least forty eight hours before the time of holding the meeting at which the person named in the instrument of proxy proposes to vote and in default the instrument appointing the proxy shall not be treated as valid. No attorney shall be entitled to vote unless the Power of Attorney or other instrument appointing him as attorney or a copy thereof, duly certified by a Notary Public, has either been registered in the records of the Company at any time not less than forty eight hours before the time of the meeting at which the attorney proposes to vote or is deposited at the Office not less than forty eight hours before the time of same meeting as aforesaid. Notwithstanding that a Power of Attorney or other authority has been registered in the records of the Company, the Company may by notice in writing addressed to the Member or that attorney at least seven days before the date of a meeting require him to produce the original Power of Attorney or authority and unless the same is thereupon deposited with the Company not less than forty eight hours before the time fixed for the meeting, the attorney shall not be entitled to vote at such meeting unless the Directors in their absolute discretion excuse such non production and deposit. Every member entitled to vote at a meeting of the Company or any resolution to be moved thereat shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days notice in writing of the intention so to inspect is given to the Company.

Custody of the instrument

119. If any Instrument of appointment is confined to the object of appointing a proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Director may determine, in the custody of the Company, and if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in custody of the Company.

Instrument appointing proxy

120. Every instrument of proxy whether for a specified meeting or otherwise shall be in writing and if the appointer is a corporation under the hand of an officer or an attorney duly authorized by it and shall as nearly as circumstances will admit be in the form as prescribed in the rules made under section 105 of the Act.

Validity of votes given by proxy notwithstanding death of Members, etc.

121. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed or the transfer of the shares in respect of which the vote is given provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting

Time for objections to votes

122. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy not disallowed at such meeting or poll, shall be deemed valid for all purposes.

Chairman of any meeting to be the judge of validity of any vote

123. The Chairman of any meeting shall be the sole judge to decide the validity of every vote tendered at such meeting. The Chairman present at the time of conducting of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Equal rights of Members

124. Any Member whose name is entered in the Register of Members of the Company shall enjoy the same rights and be subject to the same liabilities as all other Members of the same class.

## DIRECTORS

Number of Directors

125. The number of Directors shall not be less than three or more than fifteen.

Composition of Board of Directors

126. The Board shall include –

- (i) Public Interest directors;
- (ii) Shareholder directors; and
- (iii) Managing Director.

Notwithstanding anything to the contrary contained in these Articles, SECC Regulations, directives issued by SEBI, Circulars issued from time to time with regard to composition of the Board, general requirements related to manner of appointment of directors, key management personnel, 'code of conduct for Directors and key management personnel' and other incidental and consequential matters relating to governance of the Company shall be complied with.

The manner of election, appointment, tenure, resignation, vacation etc. of Directors shall be governed by the Companies Act, 2013, SECC Regulations, directives issued by SEBI and Circulars issued from time to time.

- (1) The number of public interest directors of a recognised clearing corporation shall not be less than two-third, and shareholder directors shall not exceed one-third, of its Board.
- (2) The managing director shall be an ex-officio director on the Board of Director and shall not be included in either the category of public interest directors or shareholder directors. Any employee of the Clearing Corporation may be appointed on the Board of Directors in addition to the managing director, and such director shall be deemed to be a shareholder director. Atleast one public interest director shall be present in the meetings of the Board of Directors to constitute the quorum.
- (3) The persons to be appointed as Directors should satisfy the criteria of "fit and proper person" as prescribed by SEBI.
- (4) No clearing member, or their associates and agents, shall be on the Board of Directors of the Clearing Corporation.
- (5) No foreign portfolio investor shall have any representation in the Board of Directors of the Clearing Corporation.



127. a) 1). The public interest directors on the Board of Directors of the Clearing Corporation shall be nominated by the SEBI. Public interest directors shall be nominated for a fixed term of three years, or for such extended period, as may be approved by SEBI. If any issue arises as to whether an assignment or position of a public interest director is in conflict with his role, the SEBI's decision shall be final. A public interest director may be renominated after a cooling-off period of one year or such period as the SEBI may deem fit in the interest of the securities market. Public interest directors shall be paid only sitting fees as specified in the Companies Act 2013.
- 2) The names of public interest directors shall be forwarded to SEBI after the approval of the Board of the Clearing Corporation. The shareholders approval shall not be necessary. A minimum of two names shall be submitted to SEBI for each vacancy of public interest directors.
- 3) The Clearing Corporation shall ensure that public interest directors are selected from diverse field of work. While deciding to propose a particular person as a public interest director, the Clearing Corporation shall also take into account the following factors:
  - a) Qualification in the area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets.
  - b) Atleast one person may be inducted having experience and background in finance / accounts who may preferably be inducted in the audit committee.
  - c) Persons currently holding positions of trust and responsibility in reputed organisations or person who have retired from such positions.
  - d) Persons who are likely to have interested positions in commercial contracts and financial affairs of the Company, may be excluded. Also, persons who are regular traders/speculators in the market or are director in the board of the promoter entity of the Exchange shall be excluded.
- 4) Public interest directors shall not be simultaneously on the board of any other Exchange/Clearing Corporation or their subsidiary.
- 5) Public interest directors shall peruse the relevant laws, code of conduct, code of ethics, etc and submit an undertaking to the Clearing Corporation that they are aware of their role, responsibilities and obligations. The Clearing Corporation shall also provide at least seven days of training to every public interest director each year.
- 6) In case of extension of the term of the public interest director or appointment of a new public interest director, the Clearing Corporation shall apply to SEBI two months before the expiry of the term. In addition to the other requirements prescribed, the application for extension of term of the public interest director shall be accompanied with, his attendance details on meetings of various mandatory committees and on the Board of Directors of the Clearing Corporation, reasons for waiver of the cooling off period.
- 7) The public interest director shall not be subject to retirement by rotation.
- 8) The existing public interest director shall continue holding the post, till a new Public Interest Director is appointed in his place.

## Shareholder Directors

- 127 (b) 1) The names of persons to be appointed as shareholder directors shall first be approved by the Board of Directors of the Clearing Corporation, followed by Shareholders' approval before submitting the same to SEBI for approval.

2) The manner of election, appointment, tenure, resignation, vacation etc. of Shareholder Directors shall be governed by the Companies Act, 2013 save as otherwise specifically provided under the SECC Regulations or in accordance with the SCRA, circulars issued thereunder.

#### 128. To Comply with Guidelines of SEBI

a. Every director of the Company shall abide by the Code of Conduct.

The Code of Conduct is as under;

##### i. Meetings and minutes.

**Every director of the Clearing Corporation shall—**

- a) not participate in discussions on any subject matter in which any conflict of interest exists or arises, whether pecuniary or otherwise, and in such cases the same shall be disclosed and recorded in the minutes of the meeting;
- b) not encourage the circulation of agenda papers during the meeting, unless circumstances so require;
- c) offer their comments on the draft minutes and ensure that the same are incorporated in the final minutes;
- d) insist on the minutes of the previous meeting being placed for approval in subsequent meeting;
- e) endeavour to have the date of next meeting fixed at each board meeting in consultation with other members of the board;

endeavour to ensure that in case all the items of the agenda of a meeting were not covered for want of time, the next meeting is held within fifteen days for considering the remaining items

##### ii. Code of Conduct for the public interest directors.

a) In addition to the conditions stated in Para (i) above, public interest directors of the Clearing Corporation shall, endeavour to attend all the board meetings and they shall be liable to vacate office if they remain absent for three consecutive meetings of the board or do not attend seventy five per cent. of the total meetings of the board in a calendar year.

b) Public interest directors shall meet separately, at least once in six months to Clearing Corporation views on critical issues.

##### iii. Strategic planning.

**Every director of the Clearing Corporation shall—**

- a) participate in the formulation and execution of strategies in the best interest of the the Clearing Corporation and contribute towards pro-active decision making at the board level;
- b) give benefit of their experience and expertise to the Clearing Corporation and provide assistance in strategic planning and execution of decisions.
- c) endeavour to ensure that the Clearing Corporation takes steps commensurate to honour the time limit stipulated by SEBI for corrective action;
- d) not support any decision in the meeting of the board which may adversely affect the interest of investors and shall report forthwith any such decision to the SEBI.

##### vi. Regulatory compliances.

**Every director of the Clearing Corporation shall—**



- a) endeavour to ensure that the Clearing Corporation abides by all the provisions of the Securities and Exchange Board of India Act, 1992, Securities Contracts (Regulation) Act, 1956, rules and regulations framed thereunder and the circulars, directions issued by SEBI from time to time;
- b) endeavour compliance at all levels so that the regulatory system does not suffer any breaches;
- c) endeavour to ensure that the Clearing Corporation takes steps commensurate to honour the time limit stipulated by SEBI for corrective action;
- d) not support any decision in the meeting of the board which may adversely affect the interest of investors and shall report forthwith any such decision to the SEBI.

v. General responsibility.

Every director of the Clearing Corporation shall—

- a) place priority for redressing investor grievances and encouraging fair trade practice so that the Clearing Corporation becomes an engine for the growth of the securities market;
- b) endeavour to analyse and administer the Clearing Corporation issues with professional competence, fairness, impartiality, efficiency and effectiveness;
- c) submit the necessary disclosures/statement of holdings/dealings in securities as required by the Clearing Corporation from time to time as per their Rules or Articles of Association;
- d) unless otherwise required by law, maintain confidentiality and shall not divulge/disclose any information obtained in the discharge of their duty and no such information shall be used for personal gains;
- e) maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of their duties in order to inspire public confidence and shall not engage in acts discreditable to their responsibilities;
- f) perform their duties in an independent and objective manner and avoid activities that may impair, or may appear to impair, their independence or objectivity or official duties;
- g) perform their duties with a positive attitude and constructively support open communication, creativity, dedication, and compassion;
- h) not engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the Clearing Corporation.

128.b. Every director and key management personnel of Clearing Corporation shall abide by the Code of Ethics as set out hereunder:

## Code of Ethics

### i. Objectives and underlying principles.

The Code of Ethics for directors and key management personnel of the Clearing Corporation seeks to establish a minimum level of business/ professional ethics to be followed by these directors and key management personnel, towards establishing a fair and transparent marketplace. The Code of Ethics is based on the following fundamental principles:

- Fairness and transparency in dealing with matters relating to the Clearing Corporation and the investors.
- Compliance with all laws/ rules/ regulations laid down by regulatory agencies/ the Clearing Corporation.
- Exercising due diligence in the performance of duties.
- Avoidance of conflict of interest between self interest of directors/ key management personnel and interests of the Clearing Corporation and investors.

### ii. Ethics committee.

For overseeing implementation of this Code, an ethics committee shall be constituted by the Clearing Corporation under the respective Board of Directors.

### iii. General standards.

- a) Directors and key management personnel shall endeavour to promote greater awareness and understanding of ethical responsibilities.
- b) Directors and key management personnel, in the conduct of their business shall observe high standards of commercial honour and just and equitable principles of trade.
- c) The conduct of directors and key management personnel in business life should be exemplary which will set a standard for other members of the Clearing Corporation.
- d) Directors and key management personnel shall not use their position to give/get favours to/from the executive or administrative staff of Clearing Corporation, technology or service providers and vendors of the Clearing Corporation.
- e) Directors and key management personnel shall not commit any act which will put the reputation of the Clearing Corporation, in jeopardy.
- f) Directors, committee members and key management personnel of the Clearing Corporation, should comply with all rules and regulations applicable to the securities market.

#### iv. Disclosure of dealings in securities by key management personnel of the Clearing Corporation .

- a) Key management personnel of the Clearing Corporation shall disclose on a periodic basis as determined by the Clearing Corporation (which could be monthly), all their dealings in securities, directly or indirectly, to the Board of Directors/ ethics committee/ Compliance Officer.
- b) The dealings in securities shall also be subject to trading restrictions for securities about which key management personnel in the Clearing Corporation may have non-public price sensitive information. Requirement laid down under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 may be referred in this regard.
- c) All transactions must be of an investment nature and not speculative in nature. Towards this end, all securities purchased must be held for a minimum period of sixty days before they are sold. However, in specific/exceptional circumstances, sale can be effected anytime by obtaining pre-clearance from the Compliance Officer to waive this condition after recording in writing his satisfaction in this regard.

Explanation.— "securities" for the purposes of this Code shall not include mutual fund units

#### v. Disclosure of dealings in securities by directors of the Clearing Corporation

- a) All transactions in securities by the directors and their family shall be disclosed to the Board Directors of the Clearing Corporation.
- b) All directors shall also disclose the trading conducted by firms/corporate entities in which they hold twenty per cent. or more beneficial interest or hold a controlling interest, to the Ethics Committee.
- c) Directors who are Govt. of India nominees or nominees of Govt. of India statutory bodies or financial institutions and are governed by their own codes shall be exempt from this requirement.

#### vi. Avoidance of conflict of interest.

- a) No director of the Board or member of any committee of the Exchange shall participate in any decision making/adjudication in respect of any person /matter in which he is in any way, directly or indirectly, concerned or interested.



b) Whether there is any conflict of interest or not in a matter, should be decided by the Board of Directors.

**vii. Disclosures of beneficial interest.**

All directors and key management personnel shall disclose to Board of Directors, upon assuming office and during their tenure in office, whenever the following arises:

- a) any fiduciary relationship of self and family members and directorship/partnership of self and family members in any trading member or clearing member;
- b) shareholding, in cases where the shareholding of the director, directly or through his family exceeds 5 per cent. in any listed company or in other entities related to the securities markets;
- c) any other business interests.

**viii. Role of the Chairperson and directors in the day to day functioning of the Clearing Corporation.**

- a) The Chairperson and directors shall not interfere in the day to day functioning of the Clearing Corporation and shall limit their role to decision making on policy issues and to issues as the Board of Directors may decide.
- b) The Chairperson and directors shall abstain from influencing the employees of the Clearing Corporation in conducting their day to day activities.
- c) The Chairperson and directors shall not be directly involved in the function of appointment and promotion of employees unless specifically so decided by the Board of Directors.

**ix. Access to information.**

- a) Directors shall call for information only as part of specific committees or as may be authorised by the Board of Directors.

b) There shall be prescribed channels through which information shall move and further there shall be audit trail of the same. Any retrieval of confidential documents/ information shall be properly recorded.

c) All such information, especially which is non-public and price sensitive, shall be kept confidential and not be used for any personal consideration/ gain.

d) Any information relating to the business/operations of the Clearing Corporation, which may come to the knowledge of directors/ key management personnel during performance of their duties shall be held in strict confidence, shall not be divulged to any third party and shall not be used in any manner except for the performance of their duties.

**x. Misuse of position.**

Directors/ committee members shall not use their position to obtain business or any pecuniary benefit in the organization for themselves or family members.

**xi. Ethics committee to lay down procedures.**

a) The ethics committee shall lay down procedures for the implementation of the code and prescribe reporting formats for the disclosures required under the code.

b) The Compliance Officer shall execute the requirements laid down by the ethics committee.

While the objective of this Code is to enhance the level of market integrity and investor confidence, it is emphasized that a written code of ethics may not completely guarantee adherence to high ethical standards. This can be accomplished only if directors and key management personnel of the Clearing

Corporation commit themselves to the task of enhancing the fairness and integrity of the system in letter and spirit.

#### First Directors

129. (1) The persons hereinafter named are the first Directors of the Company:-

- (i) Mr. Ravi Narain
- (ii) Mr. Chitra Ramkrishna
- (iii) Mr. Raghavan Putran

(2) The first Directors shall hold office until the close of the first Annual General Meeting of the Company provided that if vacancy arises in the office of any of the aforesaid first Directors before the close of the first Annual General Meeting of the Company then such vacancy may be filled by the Directors at their meeting.

#### Managing Director

130. (a) The appointment, renewal of appointment and termination of service of the managing director of the Clearing Corporation shall be subject to prior approval of the SEBI.

(b) The Clearing Corporation shall, subject to the guidelines issued by the SEBI from time to time, determine the qualification, manner of appointment, terms and conditions of appointment and other procedural formalities associated with the selection/ appointment of the managing director.

(c) The appointment of the managing director shall be for a tenure not less than three years and not exceeding five years.

(d) The managing director the Clearing Corporation shall not—

- (i) be a shareholder or an associate of a shareholder of the Clearing Corporation or shareholder of an associate of the Clearing Corporation;
- (ii) be a trading member or a clearing member, or his associate and agent, or shareholder of a trading member or clearing member or shareholder of an associate and agent of a trading member or a clearing member; or
- (iii) hold any position concurrently in the subsidiary of Exchange or in any other entity associated with the Exchange or clearing corporation

Provided that the managing director of the Clearing Corporation may be appointed on the Board of Directors, but not as Managing Director, of subsidiary of the Company or a recognised Clearing Corporation as the case may be

(e) The managing director shall be liable for removal or termination of services by the Board of Directors with the prior approval of the SEBI for failure to give effect to the directions, guidelines and other orders issued by the SEBI, or the rules, the articles of association, bye-laws and regulations of the Clearing Corporation.

(f) The SEBI may suomotu remove or terminate the appointment of the managing director if deemed fit in the interest of securities market:

Provided that no managing director shall be removed unless he has been given a reasonable



opportunity of being heard.

- (g) The Clearing Corporation shall constitute a Committee for the selection of the CEO /Managing Director /Executive Director, as the case may be. The managing director shall be selected through open advertisement in all editions of atleast one national daily from amongst persons qualified in the fields of capital market/ finance/ management and possessing sufficient experience. In case of re-appointment, or extension the Clearing Corporation shall apply to SEBI two months before the last working day of such Managing Director.
- (h) In case a vacancy of managing director arises due to unforeseen reasons, the Clearing Corporation shall forward the new names to SEBI within 60 days from the date of submission of resignation or such vacation of office.
- (i) At the time of seeking approval of SEBI for the appointment of the managing director, the Clearing Corporation shall seek approval for the compensation of the managing director from SEBI. The compensation of the Managing Director of a Clearing Corporation shall be in accordance with the following compensation norms stipulated by SEBI:
- (i) The variable pay component will not exceed one-third of total pay.
  - (ii) 50% of the variable pay will be paid on a deferred basis after three years.
  - (iii) ESOPs and other equity linked instruments in the Clearing Corporation will not form part of the compensation for the key management personnel.
  - (iv) The compensation policy will have malus and clawback arrangements.

Apart from the above, the following shall also be taken into consideration:

- a. financial condition / health of the Clearing Corporation,
  - b. average levels of compensation payable to employees in similar ranks,
  - c. should not contain any provisions regarding incentives to take excessive risks over the short term,
  - d. revenues, net profit of the Clearing Corporation,
  - e. comparable to the industry standards,
  - f. role and responsibilities of the managing director,
  - g. periodic review
- (j) The aforesaid provisions shall also be applicable if the Clearing Corporation appoints a Chief Executive Officer who is not a Managing Director.

#### **Alternate Director**

131. (1) Subject to Section 161 of the Act, the Board of Directors may appoint an Alternate Director to act for a Director (hereinafter in this Article called "the original Director") at his suggestion or otherwise, during his absence for a period of not less than three months from India.

(2) An Alternate Director appointed under sub-article (1) shall not hold office as such for a period longer than permissible to the original Director in whose place he has been appointed and shall vacate office if and when

the original Director returns to India.

(3) If the term of office of the original Director is determined before he so returns to the State aforesaid, any provision for the automatic reappointment of the retiring Directors in default of another appointment shall apply to the original and not to the Alternate Director.

#### **Additional Directors and Director appointed to fill casual vacancy**

132. The Directors shall have power at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director, but the total number of Directors shall not exceed the maximum number fixed by Articles. Any Director appointed as additional director shall hold the office only upto the next Annual General Meeting of the Company and shall then be entitled for appointment as Director. Any Director appointed to fill a casual vacancy shall hold office only up to the date up to which the Director in whose place he is appointed would have held office had it not been vacated.

#### **Share Qualification of Director**

133. No Director shall be required to hold any qualification shares of the Company.

#### **Remuneration of Director**

134. (1) The remuneration payable to Directors, including the Managing Director/ Whole time Director shall, subject to the applicable provisions of The Act and of these Articles and of any contract between him and the Company, be fixed by the Company in General Meeting from time to time, and may be by way of fixed salary and/or perquisites or commission on profits of the Company or participation in such profits, or by any or all these modes not expressly prohibited by The Act.

(2) The fees payable to a Director for attending a meeting of the Board or Committee thereof shall be as decided by the Board of Directors from time to time and subject to such ceiling as may be prescribed by The Act or the Central Government.

#### **Directors not being residents of place where a meeting is held may receive extra compensation**

135. The Directors may allow and pay to any Director, who is not a resident of the place where a meeting is held and who shall come to such place for the purpose of attending a meeting, such sum as the Directors may consider fair compensation for travelling, hotel and other expenses in addition to his remuneration to be paid to any member or members of their body, or a committee appointed by the Directors in terms of these Articles.

#### **Special remuneration to Director for extra service, etc.**

136. If any Director being willing, be called upon to perform extra service or special exertions in going out or residing at particular place or otherwise for any of the purposes of the Company, the Company may remunerate such Director either by a fixed sum or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his remuneration above provided.

#### **Directors may act notwithstanding any vacancy**

137. Subject to the provisions of The Act, the continuing Directors may act notwithstanding any vacancy in their body; but if the number falls below the minimum number fixed, the Directors shall not, except in emergencies or for the purpose of filling up vacancies or for summoning a General Meeting of the Company, act so long as the number is below the minimum and they may so act notwithstanding the absence of a necessary quorum under the provisions of Article 156.



**Directors vacating office**

138. The office of a Director shall become vacant on the happening of any one of the events mentioned in Section 167 of the Act or if he resigns his office by a notice in writing addressed to the Company. The Board shall on receipt of such notice take note of the same and the company shall intimate the Registrar and shall also place the fact of such resignation in the report of directors laid in the immediately following general meeting of the Company.

**Disclosure of interest by Director**

139. (1) Every Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of Directors.

(2) (a) In the case of proposed contract or arrangement, the disclosure required to be made by a Director under sub-article (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of that meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested.

(b) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

(3) (a) For the purpose of sub-articles (1) and (2), a general notice given to the Board by a Director, to the effect that he is a Director or a member of a specified body corporate or company or is a partner of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or company or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made;

(b) Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time, by a fresh notice given in the first meeting of the Board held for relevant financial year .

(c) No such general notice and no renewals thereof shall be of effect unless either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(4) Nothing in this Article shall be taken to prejudice the operation of any rule of law restricting a Director of the Company from having any concern or interest in any contracts or arrangements with the Company.

(5) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent of the paid-up share capital in the other company.

**Interested Director not to participate or vote in Board's proceedings**

140. (1) No Director of the Company shall, as a Director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is, in anyway, whether directly or indirectly concerned, or interested in the contract or

arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void.

(2) This Article shall not apply to :-

(a) any contract of indemnity against any loss which the Directors or any one or more of them, may suffer by reason of becoming or being sureties or surety for the Company;

(b) any contract or arrangement entered into or to be entered into with a public company, or a private company, which is a subsidiary of a public company, in which the interest of the Director aforesaid consists solely in his being a Director, of such company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the company, or in his being a member holding not more than two per cent of the paid-up share capital of such other company.

Directors may be Directors of companies promoted by the Company

141. A Director may be, or become, a Director of any company promoted by the Company, or in which it may be interested as a vendor, member or otherwise, and subject to the provisions of the Act and these Articles, no such Director shall be accountable for any benefits received as Director or any member of such company.

## ROTATION OF DIRECTORS

Non-rotational Directors

142. Directors other than SEBI nominated Public Interest Directors shall be persons whose period of office is liable to determination by rotation and, subject to the provisions of the Act, shall be appointed by the Company in a General Meeting.

Directors to retire annually, how determined

143. At every Annual General Meeting of the Company other than the first Annual General Meeting, one- third of such of the Directors for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

Which Directors to retire

144. The Directors to retire by rotation at every Annual General Meeting shall be those who are liable to retire and who have been longest in office since their last appointment, but as between persons, who became Directors on the same day, those who are to retire shall (unless they otherwise agree among themselves), be determined by lot.

Retiring Directors eligible for re-election

145. A retiring Director shall be eligible for re-election.

Company to fill up vacancy

146. The Company may, at the Annual General Meeting at which a Director retires as aforesaid, fill up the vacancy by appointing the retiring Director or some other person in that vacancy.

Retiring Directors to remain in office until successors appointed



147. If the place of the retiring Director is not filled up as provided in the preceding Article and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place and if at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless -

- (1) at that meeting or at the previous meeting, a resolution for the re-appointment of such Director has been put to the meeting and lost;
- (2) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so reappointed;
- (3) he is not qualified or is disqualified for appointment;
- (4) a resolution, whether special or ordinary, is required for his appointment by virtue of any provisions of The Act; or
- (5) the proviso to sub-article (2) of Article 148 is applicable to the case.

Appointment of Directors to be voted individually

148. (1) At every Annual General Meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it.

(2) A resolution moved in contravention of sub-article (1) of this Article shall be void whether or not objection was taken at the time to this being so moved; provided that where a resolution so moved is passed, no provision for the automatic re-appointment of retiring Directors in default of another appointment shall apply.

(3) For the purpose of this Article, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as motion for his appointment.

Rights of persons other than retiring Directors to stand for Directorship

149. (1) No person, not being a retiring Director, shall be eligible for election to the Office of Director at any General Meeting, unless he or some other Member intending to propose him has, at least fourteen days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the Office of Director or the intention of such Member, to propose him, as a candidate for that Office, as the case may be along with a deposit of such sum as may be prescribed which shall be refunded to such person, or as the case may be, to such Member, if the person succeeds in getting elected as a Director or gets more than such per cent of total valid votes as may be prescribed, cast either on show of hands or on poll on such resolution.

(2) The Company shall inform its Members of the candidature of a person for the Office of Director or the intention of a Member to propose such person as a candidate for that office by serving

individual notices on the Members and by placing notice of such candidature or intention on the website of the company.

(3) Provided that that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid if the Company advertises such candidature or intention, not less than seven days before the meeting at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and circulating in that district, and at least once in English language in an English newspaper circulating in that district.

#### Removal of Directors

150. (1) The Company may, subject to the provisions of The Act and these Articles, by an ordinary resolution remove a Director before the expiry of his period of office.

(2) A special notice shall be required of any resolution to remove a Director under this Article or to appoint somebody instead of a Director so removed at the meeting at which he is removed.

(3) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned, and the Director (whether or not he is a Member of the Company) shall be entitled to be heard on the resolution at the meeting.

(4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests for notification to Members of the Company, the Company shall, unless the representations are received by it too late for it to do so -

(a) in the notice of the resolution given to Members of the Company, state the fact of the representations having been made; and

(b) send a copy of the representations to every Member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting; provided that copies of the representations need not be read out at the meeting, if on the application either of the Company or of any other person who claims to be aggrieved, the Central Government is satisfied that the rights conferred by this sub-article are being abused to secure needless publicity for defamatory matter.

(5) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in the General Meeting or by the Board pursuant to Article 132, be filled by the appointment of another Director in his stead, by the meeting at which he is removed, provided special notice of the intended appointment has been given under sub-article (2) of this Article. A Director so appointed shall hold office until the date up to which his predecessor would have held office, had he not been removed as aforesaid.

(6) If the vacancy is not filled under sub-article (5) of this Article, it may be filled as a casual vacancy in accordance with the provisions so far as they may be applicable of Article 132 and all the provisions shall apply accordingly; provided that the Director who was removed from office shall not be re-appointed as a Director by the Board of Directors.

#### PROCEEDINGS OF DIRECTORS' MEETING



Meeting of Directors

151. The Directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings and proceedings as they think fit; provided, however, that a meeting of the Board of Directors shall be held at such number of times and at such frequencies as may be prescribed in the Act, the rules made there under and the Secretarial Standards.

When meeting to be convened

152. The Chairman may at any time and the Managing Director / Manager or such other Officer of the Company as may be authorized by the Directors shall upon the request of a Director convene a meeting of the Directors.

Notice of Meetings

153. Notice in writing of every Meeting shall be given at least seven days before the date of the Meeting, to every Director by hand or by speed post or by registered post or by courier or by facsimile or by e-mail or by any other electronic means.

The Notice shall specify the serial number, day, date, time and full address of the venue of the Meeting.

In case the facility of participation through Electronic Mode is being made available, the Notice shall inform the Directors about the availability of such facility, and provide them necessary information to avail such facility and shall also contain the contact number or e-mail address(es) of the Chairman or the Company Secretary or any other person authorized by the Board, to whom the Director shall confirm in this regard.

The Notice of a Meeting shall be given even if Meetings are held on pre-determined dates or at pre-determined intervals.

Chairman of the Board of Directors

154. The Chairperson of the Board of Directors of Clearing Corporation shall be Public Interest Director and shall be appointed with the prior approval of SEBI.

All meetings of the Directors shall be presided over by such Chairman, if present, but if, at any meeting of Directors, the Chairman be not present at the time appointed for holding the same, then and in that case the Directors shall choose one of the Directors then present to preside at the meeting.

Question at a Board meeting, how decided

155. Questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman of the meeting (whether the Chairman appointed by virtue of these Articles or the Director presiding at such meeting) shall have a second or casting vote.

Quorum and its competence to exercise powers

156. The quorum for meeting of the Board of Directors of the Company shall be one-third of its total strength (any fraction contained in that one-third being rounded off to the next one) or two Directors whichever is higher and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purpose of quorum; provided that where at any meeting, the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested, present

at the meeting being not less than two, shall be the quorum during such time. Further, atleast one Public Interest Director shall be present in meetings of the Board to constitute quorum.

Any Director participating through Electronic Mode in respect of restricted items with the express permission of Chairman shall however, neither be entitled to vote nor be counted for the purpose of Quorum in respect of such restricted items.

Quorum shall be present throughout the Meeting. Quorum shall be present not only at the time of commencement of the Meeting but also while transacting business.

For the purpose of this Article:-

(1) "total strength" means the total strength of the Directors of the Company as determined in pursuance of the Act, after deducting there from the number of the Directors, if any, whose place may be vacant at the time ;

(2) "interested Director" means any Director whose presence cannot by reason of Article 140 or any other provision in the Act count for the purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote on any matter.

Procedure where meeting adjourned for want of quorum

157. (1) If a meeting of the Board could not be held for want of quorum, then, unless the Directors present at each meeting otherwise decide, the meeting shall automatically stand adjourned to the same day in the next week, at the same time and place, or if that day is a national holiday, to the next succeeding day which is not a national holiday at the same time and place. If there is no Quorum at the adjourned Meeting also, the Meeting shall stand cancelled.

(2) The provisions of Article 151 shall not be deemed to have been contravened merely by reason of the fact that a meeting of the board which had been called in compliance with the terms of that Article could not be held for want of quorum.

Directors may appoint Committee

158. The Directors may, subject to the provisions of the Act, delegate any of their powers to a Committee or Committees consisting of such member or members of their body as they deem fit, and they may, from time to time, revoke such delegation. Any Committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed on it by the Directors.

Board Committees

159. The Company shall constitute Committees as to ensure effective oversight of the functioning of the Clearing Corporation as mandated under the Companies Act, 2013, SEBI SECC Regulation and Circulars issued from time to time. Additionally, the Committees that are mandated for listed companies shall apply mutatis mutandis to Clearing Corporation. The Clearing Corporation shall lay down the policy for the frequency of meetings, quorum, etc., for the statutory committees. The meeting shall be conducted with atleast one public interest director being present except in the case of oversight committees wherein minimum 50% of the public interest directors need to be present. In the case of public interest directors committee, all public interest directors shall be present.

Independent external persons appointed to committees: The independent external persons shall be from amongst the persons of integrity, having a sound reputation and not having any conflicts of



interests. They shall be specialists in the field of work assigned to the committee. The Clearing Corporation shall frame the guidelines for appointment, tenure, code of conduct, etc., of independent external persons. Extension of the tenure may be granted at the expiry of the tenure pursuant to a review of the contribution, record of attendance at meetings, etc.

The Clearing Corporation shall constitute the following Committees and such other Committees as may be statutorily required:-

Sr.No	Name of the Committee	Functions handled	Composition
Operational Committee			
1	Membership Selection Committee	Selection/ admission of members to the various segments of the clearing corporation	(i)The public interest directors shall form a majority of the membership selection committee. (ii) A maximum of two key management personnel of the clearing corporation shall be on the committee one of which shall necessarily be the Managing Director of the clearing corporation. (iii)The committee may also include independent external persons.
2	Disciplinary Action Committee	<ul style="list-style-type: none"> <li>The Committee shall formulate the policy for regulatory actions including warning, monetary fine, suspension, deactivation of terminal, expulsion, to be taken for various violations by the members of the clearing corporation.</li> <li>Based on the laid down policy, the Committee shall consider the cases of violations observed during inspection, etc and impose appropriate regulatory measure on the members of the clearing corporation.</li> <li>While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice'</li> </ul>	i) The disciplinary action committee shall comprise of public interest directors and officials of the clearing corporation. (ii) The public interest directors shall form a majority of the committee. (iii)A maximum of two key management personnel of the clearing corporation shall be on the committee one of which shall necessarily be the Managing Director of the clearing corporation.
3.	Grievance Redressal Committee (GRC	To deal with the complaints referred to it by the Clearing corporation, hear the parties and resolve their complaints / disputes	a) The clearing corporation may be guide by SEBI circular Ref.No. CIR/MRD/DSA/03/2012 dated January 20, 2012. b)The members of GRC shall not be associated with a clearing member in any manner. c) The disclosures and code of conduct prescribed under para 3.4 and 4 of SEBI circular Ref. No CIR/MRD/DSA/24/2010 dated August 11,2010, shall be applicable, as far as may be, to members of GRC also.
	Defaulters'	<ul style="list-style-type: none"> <li>To realize all the assets / deposits of</li> </ul>	(i) The public interest directors shall form a

4	Committee/ utilisation Committee	SGF	<p>the defaulter/ expelled member and appropriate the same amongst various dues and claims against the defaulter/ expelled member in accordance with the Rules, Byelaws and Regulations of the Clearing corporation.</p> <ul style="list-style-type: none"> <li>• Admission or rejection of claims of clients/trading members/clearing members over the assets of the defaulter/expelled member.</li> <li>• Recommendation in respect of the claims to the Trustees of the IPF on whether the claim is to be paid out of IPF or otherwise.</li> <li>• The defaulter's committee or any other committee set up by the Board of Directors of the clearing corporation with similar composition shall manage the settlement guarantee fund/ trade guarantee fund of the clearing corporation.</li> </ul>	<p>majority of the defaulter's committee.</p> <p>(ii) A maximum of two key management personnel of the clearing corporation shall be on the committee.</p> <p>(iii) The committee may also include independent external persons such as retired judge, etc.</p>
5	Compensation Committee		<ul style="list-style-type: none"> <li>• The compensation committee shall lay down the policy for compensation of key management personnel in terms of the compensation norms prescribed by the SEBI.</li> <li>• The compensation committee shall determine the tenure of the key management personnel to be posted to a regulatory department</li> </ul>	<p>i) The Committee shall comprise of a majority of public interest directors and shall be chaired by a public interest director.</p> <p>(ii) Shareholder directors or any person appointed by the Board of Directors of the clearing corporation for such purpose may form the balance of the Committee.</p>
6	Selection committee		Committee for the selection of the Managing Director	<p>The Selection Committee shall comprise of four persons i.e, two public interest directors and two independent external persons. In case of non-availability of adequate number of PIDs or independent external persons, then the number of PID or independent external persons as required could be increased accordingly to form the committee. Further, the Clearing Corporation shall ensure that one PID shall be part of the selection committee and the meetings at all times.</p>
Oversight Committees				
7	Standing committee on technology		<ul style="list-style-type: none"> <li>• To monitor whether the technology used by the clearing corporation remains upto date and meets the</li> </ul>	<p>The Committee shall comprise of two outside experts proficient in technology and atleast one public interest director</p>

		<p>growing demands of the markets. To monitor the adequacy of systems capacity and efficiency.</p> <ul style="list-style-type: none"> <li>• To look into the changes being suggested by the clearing corporation to the existing software/hardware.</li> <li>• To investigate into problems of computerised Risk Management/ Clearing and Settlement System system, such as hanging/ slowdown/ breakdown.</li> <li>• To ensure that transparency is maintained in disseminating information regarding slowdown/ breakdown in Risk Management/ Clearing and Settlement System.</li> <li>• The Committee shall submit a report to the Board of Directors of the clearing corporation. The SEBI will deliberate on the report and suitable action/ remedial measure will be taken.</li> <li>• Any stoppage beyond five minutes will be explained and reported to the SEBI. The Clearing corporation shall issue a press release specifying the reasons for the breakdown.</li> </ul>	
8.	Sub-Committee for Monitoring Compliance of suggestions given in SEBI inspection report	<ul style="list-style-type: none"> <li>• To review the actions taken to implement the suggestions of SEBI's Inspection Reports.</li> <li>• To place the same before the Board of Directors of the clearing corporation.</li> <li>• To follow up and ensure compliance implementation of the inspection observations.</li> </ul>	<p>(i) The Committee shall comprise of a majority of public interest directors.</p> <p>(ii) One shareholder director and (iii) One key management personnel</p>
9.	Investor services committee	Supervising the functioning of Investors' Services Cell of the Clearing corporation which includes review of complaint resolution process, review of complaints remaining unresolved over long period of time, estimate the adequacy of resources dedicated to investor services, etc	<p>(i) The investors services committee shall comprise of a majority of public interest directors. (ii) The committee may also include independent external persons such as retired judge, etc</p>
10	Public Interest Directors' Committee	<p>During their meetings, the Public Interest Directors shall review the following:</p> <ul style="list-style-type: none"> <li>• Status of compliance with SEBI letters/ circulars.</li> </ul>	All the public interest directors shall necessarily attend every meeting of the committee.



		<ul style="list-style-type: none"> <li>• Review the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions.</li> <li>• The public interest directors shall prepare a report on the working of the other committees on which they are present in. The report shall be circulated to the other public interest directors.</li> <li>• A consolidated report shall then be submitted to the Board of Directors of the clearing corporation.</li> <li>• The public interest directors shall identify important issues which may involve conflict of interest for the clearing corporation or may have significant impact on the market and report the same to SEBI</li> </ul>	
11	Ethics Committee	To oversee the implementation of the code of ethics.	The ethics committee shall comprise of public interest directors, shareholder directors, key management personnel and compliance officer
12	Independent oversight committee of the governing board for member regulation	<p>The committee shall oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc.</p> <ul style="list-style-type: none"> <li>• The head(s) of department(s) handling the above matters shall report directly to the committee and also to the managing director.</li> <li>• Any action of a recognised clearing corporation against the aforesaid head(s) shall be subject to an appeal to the committee, within such period as may be determined by the board of directors of the Clearing Corporation.</li> <li>• The committee shall oversee SEBI inspection observations on membership related issues.</li> <li>• To estimate the adequacy of resources dedicated to member regulation.</li> <li>• Monitor the disclosures made by the Clearing Corporation in accordance with regulation 35 of SECC Regulations.</li> </ul>	<p>i) The Committee shall be comprised of a majority of public interest directors and shall be chaired by a public interest director.</p> <p>(ii) The balance shall be formed of independent outside experts</p>
13	Risk Management Committee	<ul style="list-style-type: none"> <li>• Formulate a detailed risk management policy which shall be approved by the Board of Directors</li> </ul>	The risk management committee shall comprise of the public interest directors of the clearing corporation and independent external experts and shall report to the

		<ul style="list-style-type: none"> <li>• The head of the risk management department shall report to the risk management committee and to the managing director of the recognised clearing corporation.</li> <li>• The risk management committee shall monitor implementation of the risk management policy and keep the SEBI and the Board of Directors informed about its implementation and deviation, if any.</li> </ul>	Board of Directors.
14	Advisory Committee	To advise the Board of Directors of Clearing Corporation on non regulatory and operational matters including product design, technology, charges and levies	<ul style="list-style-type: none"> <li>• The Committee shall comprise of clearing members of the clearing corporation.</li> <li>• The chairperson of the Board of Directors shall be the head of the advisory committee and the managing director shall be a permanent invitee to every meeting of the advisory committee</li> </ul>

Meetings of Committee how to be governed

160. The meetings and proceedings, of any Committee appointed pursuant to the preceding Article shall be governed by the provisions of these Articles for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

Acts of Board or Committees valid notwithstanding defect of appointment

161. All acts done at any meeting of the Board or a Committee thereof or by any person acting as a Director, shall be valid notwithstanding that it may be afterwards discovered that the appointment of any one or more of such Directors or of any person acting as aforesaid, was invalid by reason of defect or disqualification or had terminated by virtue of any provision contained in The Act or these Articles; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

162. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors including Interested Directors on the same day or to all the members of the Committee, as the case may be, at their addresses registered with the company in India by hand, or by speed post or by registered post or by courier, or by e-mail or by any other recognized electronic means.

Provided that, where not less than one-third of the total number of directors of the company for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.

Minutes of proceedings of Directors and Committees.

163. The company shall keep minutes of all Board and Committee Meetings in a Minutes Book. A distinct Minutes Book shall be maintained for Meetings of the Board and each of its Committees.

The minutes shall contain –



- (i) at the beginning the serial number and type of the Meeting, name of the company, day, date, venue and time of commencement and conclusion of the Meeting;
- (ii) the names of the Directors present physically or through Electronic Mode, the Company Secretary who is in attendance at the Meeting and Invitees, if any, including Invitees for specific items;
- (iii) a fair and correct summary of the proceedings at the meeting;
- (iv) all orders made by the Board and Committee of the Board and all appointments of Officers and Committees of Directors;
- (v) in the case of each resolution passed at a meeting of the Board or Committee of the Board, the names of the Directors, if any, dissenting from, or not concurring in, the resolution.

By whom Minutes to be signed and the effect of such Minutes

164. The minutes of any meeting of the Board or any Committee of the Board, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting, shall for all purposes whatsoever, be evidence of the actual passing of the resolutions recorded and the actual and regular transaction or occurrence of the proceedings so recorded and of the regularity of the meeting at which the same appear to have taken place.

## POWERS OF DIRECTORS

General powers of Company vested in Directors

165. Subject to the provisions of The Act and these Articles, the business of the Company shall be managed by the Directors who may exercise all such powers and do all such acts and things as the Company is by its Memorandum of Association or otherwise authorised to exercise and do and are not by these Articles or by statute directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of The Act and of the Memorandum of Association and these Articles from time to time made by the Company in General Meeting provided that no such regulation shall invalidate any prior act of Directors which would have been valid if such regulation had not been made.

Certain powers to be exercised by Board at meeting only

166. The Board shall exercise the powers as specified in sub-section (3) of section 179 of the Act, on behalf of the company by means of resolutions passed at meetings of the Board.

Provided that the Board may, by a resolution passed at a meeting, delegate to any Committee of Directors, the Chairman, the Managing Director, the Manager, the Whole-time Director or any other Officer of the company or in the case of a Branch office of the Company, the Principal Officer of the Branch office, the powers specified in clause (d) to (f) of subsection (3) of Section 179 of the Act on such conditions as it may specify.

Consent of Company necessary for exercise of certain powers

167. The Board shall exercise the powers as specified in sub-section (1) of section 180 of the Act, only with the consent of the company by a special resolution.

Specific powers given to Directors

168. Without prejudice to the general powers conferred by these Articles but subject to the provisions of the Act, it is hereby expressly declared that the Directors shall have the following powers: -

- i. to pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company,
- ii. to keep Foreign Register in accordance with the provisions of the Act,
- iii. to purchase or otherwise acquire for the Company any property rights or privileges which the Company is authorized to acquire at such price and generally on such terms and conditions as they may think fit.
- iv. ***To pay for property***  
to pay for the property at their discretion to pay for any property or rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash, or in shares, bonds, debentures, debenture stock or other securities of the Company, and any such shares may be issued whether as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- v. ***To insure properties***  
to insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of insurance effected in pursuance of this power.
- vi. ***To open bank accounts***  
to open accounts with any bank or bankers or with any Company, firm or individual and to pay money into and draw money from any such account from time to time as the Directors may think fit.
- vii. ***To enter into and secure contracts***  
to enter in to all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company and to secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being in such other manner as they think fit.
- viii. ***To attach conditions***  
to attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions as to transfer thereof as they think fit.
- ix. ***To accept surrender of shares, etc.***  
to accept from any Member on such terms and conditions as shall be agreed a surrender of his shares or stocks or any part thereof.
- x. ***To appoint Trustees***  
to appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested, or for any other purposes and to execute and do all such acts and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.



- xi. *To institute and defend legal proceedings*  
to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debt due or of any claims or demands by or against the Company.
- xii. *To refer to arbitration*  
to refer any claim or demand by or against the Company to arbitration and observe and perform the awards.
- xiii. *To act in all matters relating to bankruptcy and insolvency.*  
to act on behalf of the Company in all matters relating to bankruptcy and insolvency.
- xiv. *To make and give receipts*  
to make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- xv. *To authorize execution of bills, etc.*  
to determine, from time to time, who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents.
- xvi. *To invest moneys*  
to invest and deal with any of the monies of the Company not immediately required for the purposes thereof, in such securities and in such manner as they may think fit and from time to time to vary or realize such investments.
- xvii. *To give security by way of indemnity*  
to execute in the name and on behalf of the Company in favour of any director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.
- xviii. *To distribute bonus*  
to distribute by way of bonus amongst the staff of the Company as share in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.
- xix. *To give interest in particular business or transaction, etc.*  
to give to any director, officer or other person employed by the Company an interest in any particular business or transaction or otherwise or a share in the general profits of the Company and such interest, commission or share of profits shall be treated as a part of the working expenses of the Company;

Provided that the share of general profits of the Company payable to the Directors or to the officer of the Company or such other person shall not exceed in the aggregate sum equivalent to

- (i) one percent of the net profits of the Company, if the Company has Managing or Whole-time Director or a Manager;
- (ii) three percent of the net profits of the Company, in any other case, as determined in accordance with the provisions of Section 198 of the Act;

Provided further that this limitation or restriction on the percentage of net profits shall not be





powers conferred by this sub- article.

xxv. *To ensure compliance of local laws*

To ensure the compliance of the requirements of any local law, which in their opinion, shall in the interest of the Company be necessary or expedient to comply with.

xxvi. *To establish any local boards*

From time to time and at any time , to establish any local boards for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of any Local Boards and to fix their remuneration. And from time to time and at any time, but subject to provisions of Section 180 of the Act and of these Articles, to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Directors, and to authorise the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit, and the Directors may at any time remove any persons so appointed, and may annul or vary any such delegations. Any such delegates may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

xxvii. *To appoint Attorneys*

to appoint at any time and from time to time but subject to the provisions of Section 179 of the Act and these Articles, by Power of Attorney, any persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as the Directors may, from time to time, think fit and any such appointment (if the Directors think fit) may be made in favour of the Members or in favour of any company or the Members, Directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Directors, and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorney as the Directors may think fit.

xxviii. *To formulate schemes, etc.*

to formulate, create, institute or set up such schemes, trusts, plans or proposals as they may deem fit for the purpose of providing incentive to the officers, employees and workers of the Company including without limiting the generality of the foregoing, formulation of schemes for the subscription by the officers, employees and workers to shares in, or debentures of, the Company.

xxix. *Delegation of powers*

Subject to the provisions of the Act and these Articles, to delegate the powers, authorities, and discretion vested in the Directors to any person, firm, company or fluctuating body or persons as aforesaid.

xxx. *Sub-Delegation of powers by Delegates*

any such delegatee or attorney as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers authorities and discretion for the time being vested in him.

Powers of the Board

169. (1) The Board shall have power to organise, maintain, control, manage, regulate and facilitate the operations of the Clearing Corporation and of commodities transactions by trading members of the Clearing Corporation subject to the provisions of these Articles and of the SCRA and the Rules framed thereunder.



(2) Subject to the provisions of these Articles and of the SCRA and the Rules framed thereunder or any Directives by the SEBI, the Board shall have power and wide authority to make Rules, Bye-laws and Regulations from time to time, for any or all matters relating to the conduct of the business of the Clearing Corporation, the business and transactions of trading members between trading members inter se as well as between trading members and persons who are not trading members, and to control, define and regulate all such transactions and to do such acts and things which are necessary for the purposes of the Clearing Corporation or of the Company.

(3) Without prejudice to the generality of the foregoing, the Board shall have power to make Rules, Bye-laws and Regulations, amongst other purposes, for all or any of the following matters:-

- a. Conditions for admission to clearing membership;
- b. Conduct of business of clearing corporation
- c. Conduct of clearing members with regard to the business, subject to Rule, Bye-Laws, Regulations or Usage;
- d. Time, place and manner for transacting business;
- e. Penalties for disobedience or contravention of the Rules, Bye-Laws and Regulations or of general discipline, including expulsion or suspension of the clearing members;
- f. Declaration of any clearing member as defaulter or suspension, resignation or exclusion from clearing membership and of consequences thereof;
- g. Scale of commission or brokerage which clearing members can charge;
- h. Conditions, levy for admission or subscription for admission to or continuance of clearing membership;
- i. Charges payable by Clearing Members for transactions any may be laid down from time to time;
- j. investigations of the financial conditions, business conduct and dealings of clearing members;
- k. Settlement of disputes, complaints, claims arising between clearing members and person who are not clearing members and persons who are not clearing members relating to any transaction in securities made subject to the Rules, Bye-Laws, and Regulations and usage including settlement to the arbitration in accordance with the Rules Bye—Laws and Regulations and usage in force from time to time.
- l. establishment and functioning of clearing house(s) or other arrangements for clearing;
- m. creation and management of settlement fund, guarantee fund, insurance, collection and maintenance of margins and deposits and any other default risk and liability management mechanism;
- n. Appointment of Committee or Committees for any purposes of the Clearing Corporation

(4) The Board shall be empowered to delegate to Executive Committee(s) or to any person, all or any of the powers vested in it, to manage all or any of the affairs of Clearing Corporation.

(5) Subject to the provisions of these Articles and of the SCRA and the Rules framed thereunder any directives from the SEBI, the Board shall be empowered to vary, amend or repeal or add to Rules, Bye-laws and Regulations framed by it.

## EXECUTIVE COMMITTEE

170. (1) The Board shall constitute, and empower one or more Executive Committee(s) {EC(s)}, to manage the whole or part of the affairs of the Clearing Corporation.
- (2) The composition and the maximum strength of the EC(s) shall be such as may be prescribed in the Rules of the Clearing Corporation from time to time.
- (3) The Managing Director of the Company shall be the ex-officio Chairman of the Executive Committee and Chief Executive of the Clearing Corporation.
- (4) The Board may give such directives from time to time, in relation to the conduct of the affairs of the Clearing Corporation, and such directives shall be binding upon the Exchange and the EC(s). If at any time the Board is satisfied that circumstances exist which render it necessary in public interest to do so, the Board may supersede and/or dissolve the Executive Committee and appoint and reconstitute a new Executive Committee with such powers and on such terms as the Board may in its discretion think fit.
- (5) The Executive Committee may subject to the terms and conditions of delegations by the Board and to the extent of such delegation exercise all such powers and do all such acts and things as may be exercised or done by the Board.

## SECRETARY

Appointment and removal of Secretary

171. The Directors shall pursuant to Section 203 of the Act, from time to time appoint a Secretary to perform functions and duties, which by the Act or the rules made there under are to be performed by the Secretary.

## DIVIDENDS

Division of profits

172. The profit of the Company, subject to any special rights relating thereto created or authorised to be created by the Memorandum of Association or these Articles and subject to the provisions of The Act and these Articles, shall be divisible among the Members in proportion to the amount of capital paid up in the shares held by them respectively.

Capital paid up in advance at interest not to earn dividend

173. Where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid up

174. The Company may pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others.

The Company in General Meeting may declare a dividend

175. The Company in Annual General Meeting may declare a dividend to be paid to the Members according to their respective rights and interests in the profits and may fix the time for payment.



Dividend to be paid out of profits

176. Dividend shall be declared and paid in accordance with the provisions of Section 123 of the Act and the rules made there under, as amended from time to time.

No larger dividend than recommended by Directors, etc.

177. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend, subject to the provisions of Section 123 of the Act, and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company in any year shall be conclusive.

Interim dividend

178. The Directors may, from time to time, pay to the Members such interim dividends as, in their judgement, the position of the Company justifies.

Retention of dividends until completion of transfer.

179. The Directors may retain the dividends payable upon shares in respect of which any person is entitled to transfer until such person shall become a Member in respect of such shares.

No Member to receive dividend while indebted to the Company and Company's right of reimbursement thereof

180. Subject to Section 123 of the Act, no Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares of or otherwise howsoever, either alone or jointly with any other person or persons, and the Directors may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

Right to dividend only on registration of transfer of shares

181. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

#### **Special provision with reference to dividend**

182. The company shall pay dividend in respect of any share(s) therein only to the registered shareholder of such share(s) or to his order or to his banker and shall not be payable except in cash.

Provided that the capitalisation of profits or reserves of the company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the company shall not be deemed to be prohibited by the provisions of this Article.

#### **Dividends how remitted**

183. Any dividend payable in cash may be paid by cheque or warrant sent through the post to the registered address of the Member or in case of joint holders to that one of them first named in the Register in respect of the joint holding or in any electronic mode.

Every such cheque shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible to any cheque or warrant lost in transit or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the



fraudulent or improper recovery thereof by any other means

Unclaimed or unpaid dividends

184. (1) If a dividend declared by the Company has not been paid or claimed within thirty days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, open a special account in that behalf in any Scheduled Bank called " The Unpaid Dividend Account of "National Commodity Clearing Limited" for (mention year) " and transfer the total amount of such dividend remaining unpaid or unclaimed, to such Account.

Explanation: In this Sub-Article, the expression "dividend which remains unpaid" means any dividend the warrant in respect of which has not been encashed or which has otherwise not been paid or claimed.

(2) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund established under the applicable law.

Dividends and call together

185. Subject to Section 124 of the Act, any General Meeting declaring a dividend may make a call on the Members in respect of moneys unpaid on shares for such amount as the meeting fixes so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the call.

#### PURCHASE OF ITS OWN SECURITIES

Buy back of own shares

186. Notwithstanding anything contained in these Articles, the Company may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be required under the provisions of the Act.

#### CAPITALISATION

Capitalisation

187. (1) Any General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits, [including profits or surplus moneys arising from the realisation and (where permitted by law) from the appreciation in value of any capital assets of the Company], standing to the credit of the Reserve or Reserve Fund or any other Fund of the Company or in the hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of the securities premium account be capitalised:

(a) by the issue and distribution of fully paid up shares, debentures, debenture-stock, bonds or other obligations of the Company, or

(b) by crediting shares of the Company which may have been issued to and are not fully paid up with the whole or any part of sum remaining unpaid thereon.

(2) Such issue and distribution under clause (a) of sub-article (1) of this Article and such payment to the credit of unpaid share capital under clause (b) of sub-article (1) of this Article shall be made to among and in favour of the Members or any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under clause (a) of sub-article (1) of this Article or payment under clause (b) of sub-article (1) of this Article shall be made on the footing that such Members become entitled thereto as capital.

(3) The Directors shall give effect to any such resolution and apply such portion of the profits of Reserve or Reserve Fund or any other Fund on account as aforesaid and may be required for the purpose of making payment in full for the shares, debentures or debenture-stock, bonds or other obligations of the Company so distributed under clause (a) of sub-article (1) of this Article or, as the case may be, for the purpose of paying in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid up under clause (b) of sub-article (1) of this Article; provided that no such distribution or payment shall be made unless recommended by the Directors and if so recommended, such distribution and payment shall be accepted by such Members as aforesaid in full satisfaction of their interest in the said capitalised sum. For the purpose of giving effect to any such resolution, the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and, in particular, they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any Members on the footing of the value so fixed and may vest any such cash shares, debentures, debenture-stock, bonds or other obligations in trustees upon such trusts for the person entitled thereto as may seem expedient to the Directors and generally may make such arrangements for the acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as they may think fit.

(4) Subject to the provisions of The Act and these Articles, in cases where some of the shares of the Company are fully paid up and others are partly paid up only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid up shares, and by crediting the partly paid up shares with the whole or part of the unpaid liability thereon but as between the holders of the fully paid-up shares, and the partly paid up shares, the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid up shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid up and partly paid up shares respectively. When deemed requisite, a proper contract shall be filed in accordance with The Act and the Board may appoint any person to sign such contract on behalf of the holders of the shares of the Company which shall have been issued prior to such capitalisation and such appointment shall be effective.

## ACCOUNTS

### Accounts

188. The Company shall keep at the Office or at such other place in India as the Board thinks fit and proper Books of account and other relevant books and papers and financial statement for every financial year in accordance with Section 128 of the Act.

Where the Board decides to keep all or any of the Books of Account aforesaid at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

The books of account and other relevant books and papers may be maintained in electronic mode in compliance with the applicable provisions of the Act and rules made there under and shall remain accessible in India so as to be usable for subsequent reference. Provided that the back-up of the books of account and other books and papers of the company maintained in electronic mode, including at a



place outside India, if any, shall be kept in servers physically located in India on a periodic basis.

The Company shall preserve in good order the Books of Account relating to a period of not less than eight financial years preceding a financial year together with the vouchers relevant to any entry in such Books of Account shall be kept in good order.

The Directors shall from time to time, in accordance with Sections 129, 134, 137 and Schedule III of the Act, cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit and Loss Accounts and Reports as are required by these sections.

A copy of the financial statements, including consolidated financial statements, if any, Auditors' Report and every other document required by law to be annexed or attached to the financial statements or salient features of such documents or such other documents, as may be prescribed, shall be sent to, and also be made available for inspection by, the members of the Company and other persons entitled, as required by law. Provided also that a company shall also place its financial statements including consolidated financial statement, if any, and all other documents required to be attached hereto, on its website, which is maintained by or on behalf of the Company.

Form and contents of Balance Sheet and Profit and Loss Account

189. Every Balance Sheet and Profit and Loss Account of the Company shall give a true and fair view of the state of affairs of the Company and shall, subject to the provisions of Section 129 of the Act, be in the Forms set out in Parts I and II respectively of Schedule III of The Act, or as near thereto as circumstances admit or in such other format as may be approved by the Central Government.

Authentication of Balance Sheet and other documents; Copies thereof to be sent to Members

190. (1) The financial statements will be authenticated in compliance with the provisions of Section 134 of the Act.

(2) A copy of the financial statements, including consolidated financial statements, if any, auditor's report and every other document required by law to be annexed or attached to the financial statements, which are to be laid before a company in its general meeting, shall be sent to every member of the company, to every trustee for the debenture-holder of any debentures issued by the company, and to all persons other than such member or trustee, being the person so entitled, not less than twenty-one days before the date of the meeting.

Provided that the provisions of this sub-section shall be deemed to be complied with, if the copies of the documents are made available for inspection at its registered office during working hours for a period of twenty- one days before the date of the meeting and a statement containing the salient features of such documents in the prescribed form or copies of the documents, as the company may deem fit, is sent to every member of the company and to every trustee for the holders of any debentures issued by the company not less than twenty- one days before the date of the meeting unless the shareholders ask for full financial statements.

Copies of Balance Sheet and Profit and Loss Account and Auditors' Report shall be filed with the Registrar of Companies

191. A copy of the financial statements, including consolidated financial statement, if any, along with all the documents which are required to be attached to such financial statements under this Act, duly

adopted at the annual general meeting of the company, shall be filed with the Registrar as required by Section 137 of the Act together with the requisite returns in accordance with the requirements of Section 92 of the Act.

## AUDIT

Accounts to be audited

192. Once at least in every year the accounts of the Company shall be balanced and audited and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more Auditors.

Appointment and qualification of Auditors

193. The company shall endeavor to appoint Statutory Auditor(s) in terms of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014 as amended from time to time.

The eligibility, qualification and disqualifications of auditor(s) shall be governed as per the provisions of Section 141 of the Act and the rules made there under, as amended from time to time.

Where at any Annual General Meeting, no auditor is appointed or re-appointed, the existing auditor shall continue to be the auditor of the company.

Retiring Auditors shall, subject to the provisions of sub-section (9) of Section 139 of the Act, be re-appointed.

Auditors: their powers, duties, rights, remuneration and their Report

194. The rights, powers, duties remuneration and the report of the Auditor(s) of the Company shall be governed as per the provisions of Sections 141 to 146 of the Act and the rules made there under, as amended from time to time.

## NOTICE

Notice

- 195.(1) A notice (which expression for the purposes of these Articles shall be deemed to include any summons, notice, process, order, judgment or any other document in relation to or in the winding up of the Company) may be sent by the Company to any Member by hand or by ordinary post or by speed post or by registered post or by courier or by facsimile or by e-mail or by any other electronic means. The Notice shall be given to the members at their addresses registered with the Company or depository or if he has no registered address in India, to the address, if any, within India supplied by him to the Company for giving of notices to him.

- (2) Where a document (which shall for this purpose be deemed to include any summons, requisition, process, order, judgment or any other documents in relation to the winding up of the Company) or a notice is sent by post, the service of such notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice; provided that where a Member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post, with or without acknowledgement due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the Member, and unless the contrary is proved, such service shall be deemed to have been effected in the case of a notice of a



meeting at the expiry of forty eight hours after the letter containing the same is posted, and in any other case, at the time at which the letter would have been delivered in the ordinary course of post.

Notice to Members having no registered address

196. If a Member has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him, a notice advertised in a newspaper circulating in the neighbourhood of the Office shall be deemed to be fully given to him on the day on which the advertisement appears.

Advertisement

197. Subject to the provisions of The Act, any document required to be served or sent by the Company on or to the members or any of them, and not expressly provided for by these Articles, shall be deemed to be duly served or sent, if advertised once in one daily English and one daily vernacular newspaper circulating in Maharashtra.

Service of notice to first of joint holders

198. In the case of shares or other securities held jointly by two or more persons, the Notice shall be given to the person whose name appears first as per records of the Company or the depository, as the case may be.

Persons entitled to notice of General Meetings

199. Notice of every General Meeting shall be given in same manner hereinbefore authorised to –

- (a) every Member of the Company (including bearers of share warrants), legal representative of any deceased member or the assignee of an insolvent member;
- (b) the auditor or auditors of the company including the Secretarial Auditor;
- (c) every director of the company
- (d) to debenture trustees, if any

Notice by Company and signature thereon

200. Any notice to be given by the Company shall be signed by the Secretary, if any, or by such officer as the Directors may appoint. Such signature may be written, printed or lithographed.

Service of notice on Company

201. A document may be served or given by a member on or to the company or an officer thereof by sending it to the company or the officer at the registered office of the company by registered post or by speed post or by courier service or by leaving it at the registered office or by means of such electronic or other mode as may be prescribed under the rules framed under sub-section (1) of section 20 of the Act.

Transferee bound by prior notice

202. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which previously to his name and address and title to the share being notified to the Company, shall have been duly given to the person from whom he derives his title to such share.



Notice valid though Member deceased

203. Subject to the provisions of The Act, any notice given in pursuance of these Articles or documents delivered or sent by post to or left at the registered address of any Member or at the address given by him in pursuance of these Articles, shall notwithstanding such Member be then deceased and whether or not the Company has notice of his decease be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such Member until some other persons be registered in his stead as the holder or the joint holder thereof, and such service shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such share.

#### Authentication of Documents

204. Save as otherwise expressly provided in the Act, or these Articles a document or proceedings requiring authentication by the Company may be signed by a Director or Secretary or any officer authorised by the Board of Directors in this regard and need not be under its seal, if any.

#### SECRECY CLAUSE

##### Secrecy Clause

205. No member shall be entitled to require discovery of or any information respecting any detail of the Company's business or trade or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, will be inexpedient in the interest of the Members of the Company to communicate to the public.

#### INDEMNITY AND RESPONSIBILITY

##### Directors and others' right to indemnity

206.(1) Subject to the provisions of the Act, the Board of Directors, Managing Director, Managers, Secretary and other officers or other employees for the time being of the company, Auditor and the Trustees, if any, for the time being acting in relation to any of the affairs of the company and every one of them and every one of their heirs, executors and administrators shall be indemnified and secured harmless out of the assets and profits of the company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their heirs, executors or administrators shall or may incur or sustain by or reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty in their respective offices or trusts except such, if any, as they shall incur or sustain through or by their own willful neglect or default respectively.

(2) Subject as aforesaid, every Director or the Chairman, Managing Director, Wholetime Director, Manager, Secretary, officer or employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal instituted against him as such Director, Chairman, Managing Director, Wholetime Director, Manager, Secretary, or officer of the Company in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 463 of The Act in which relief is given to him by the Court.

(3) Save and except so far as the provisions of this Article shall be avoided by the Act, none of them shall be answerable for the acts, receipts, neglects or defaults of the other or other of them, or for joining in any receipt for the sake of conformity, or for insolvency of any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody

or for the insufficiency or deficiency of any security upon which any moneys belonging to the Company shall be placed out or invested or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts or in relation thereto, except when the same shall happen by or through their own willful neglect or default respectively.

(4) The Directors or officers of the Company shall not be liable for the acts, receipts, neglect or default of any other Director or officer of the Company or for joining in any receipt or other act for conformity for any loss or expenses happening to the Company through the insufficiency or deficiency to title to any property acquired by the order of the Director for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act or any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, or damage whatsoever, which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own negligence or dishonesty.

#### WINDING UP

207. The provisions of the, Insolvency and Bankruptcy Code, 2016 and the guidelines issued by The Insolvency and Bankruptcy Board of India shall apply to the process of Winding up of the Company.

We, the several persons whose names, addresses, descriptions and occupations as hereunto subscribed, are desirous of being formed into a Company in pursuance of this Articles of Association:

Names, addresses and descriptions of the Subscribers	Signature(s)	Witness
1. National Stock Exchange of India Limited, Exchange Plaza, Plot C-1, Block G, Bandra- Kurla Complex, Bandra (East), Mumbai- 400051 Occupation: Stock Exchange [Represented by its Company Secretary and Authorised Official Mr. J. Ravichandran, S/o Mr. S. Jaganathan]	For National Stock Exchange Limited Sd/- J. Ravichandran Company Secretary	Witness 1-7 Subscribers Sd/- R. Jaykumar S/o. Mr. T. Ramaswamy  A- 401, Sungrace, Raheja Vihar, Powai, Mumbai- 400 072 Occupation: Service
2. Ravi Narain S/o Mr. Dharm Narain, 602, NEAT House, College Lane, Dadar (West), Mumbai- 400 028 Occupation: Service	Sd/-	
3. Chitra Ramkrishna D/o Mr. Gopalasamudram Sankaran Subramanyan 601, NEAT House, College Lane, Dadar (West), Mumbai- 400 028 Occupation: Service	Sd/-	
4. J. Ravichandran S/o Mr. S. Jagannathan 703, NEAT House, College Lane, Dadar (West), Mumbai- 400 028 Occupation: Service	Sd/-	
5. R. Sundararaman S/o Mr. S. Ramamurthy B-8, Asavari, Mrutyunjaya Apartments Co- op Housing Society Ltd. 214, Savarkar Marg, Mahim, Mumbai- 400 016	Sd/-	
6. R. Nanada Kumar S/o Mr. D. Radhakrishnan C-608, Sungrace, Raheja Vihar, Powai, Mumbai- 400 072 Occupation: Service	Sd/-	
7. Yatkrik Rushikesh Vin S/o Mr. Rushikesh R. Vin 403, NEAT House, College Lane, Dadar (West), Mumbai- 400 028 Occupation: Service	Sd/-	

Mumbai,  
Dated the 25th July 2006.

LAXMIKANT GUPTA,  
Director.

**Serial No. M-1833**

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**

**ORDINARY ORIGINAL CIVIL JURISDICTION**

**COMPANY PETITION No. 788 OF 2015**

In the matter of Companies Act, 1956 ;

**AND**

In the matter of Section 433 and 434 of the Companies Act, 1956;

**AND**

In the matter of Winding up of M/s. Shreyans Lifestyle Private Limited, a Company within the meaning of Companies Act, 1956 having its registered office at Shivsagar Estate, Ground Floor, D-Block, Dr. Annie Besant Road, Worli, Mumbai 400 018.  
CIN:- U24246MH2003PTC141284

Barclays Bank PLC incorporated under the laws of England and a Banking Company within the meaning of Banking Regulations Act, 1949 having its principal office at 1, Churchill Place, London E 14 5HP and acting through one of its branches situated at 601/603, Ceejay House, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018.

*... Petitioner.*

**Advertisement of Petition**

Notice is hereby given that a Petition for the winding up of the abovenamed Company, by the Hon'ble High Court at Bombay, was on 7th May 2015 presented by Barclays Bank PLC, the Petitioners abovenamed/ the Creditors of the Company to the said Court and the said Petition stands admitted in pursuance of the Court Order dated 8th January 2018 and *vide* the order dated 8th January 2017, the same is now directed to be heard before the Court on 5th April 2018 at 11-00 a.m. or soon thereafter.

ANY CREDITOR, CONTRIBUTORY OR OTHER PERSON desirous of supporting or opposing the making of an Order on the said Petition, should send to the Petitioner or its Advocate at the Office address mentioned hereunder, a Notice of his intention signed by him or his Advocate with his full name and address so as to reach the Petitioner or its Advocate not later than 5 days before the date fixed for hearing of the Petition, and appear at the hearing for the purpose in person or by his Advocate.

A copy of the Petition will be furnished by the undersigned to any creditor or contributory on payment of the prescribed charges for the same.

Any Affidavit intended to be used in opposition to the Petition, should be filed in Court, and a copy served on the Petitioner or its Advocate, not less than 5 days before the date fixed for the hearing.

Bombay, dated this 24th day of February 2018.

**HIREN MEHTA,**  
Advocate for the Petitioner.

One Forbes, 'A' Wing, 2nd Floor,  
Dr. V.B. Gandhi Marg, Kalaghodha,  
Fort, Mumbai 400 023.



**Serial No. M-1834**

**THE INDIAN HOTELS COMPANY LIMITED**

NOTICE is hereby given that the certificates for the undermentioned securities of the company have been lost and the holder of the said securities has applied to the company to issue duplicate certificates. Any person who has a claim in respect of the said securities should lodge claim with the company at its Registered Office, within 15 days from this date else the Company will issue duplicate certificates, without further information.

Name of the Holder	Kind of Securities and Face Value	Folio No.	No. of Securities	Distinctive Nos.
Vijaya Shripad Naik	Equity Shares of Rs. 10 each	V0004341	30	Nos 19696876 to 18696905

Regd Office Address.—The Indian Hotels Company Limited,  
Mandlik House, Mandlik Road, Mumbai 400 001 India.